**Note to Stakeholders: All draft changes are purely for discussion purposes only.**

**\* Incremental Changes are reflected in yellow highlight \***

**11.2.2 Calculation of Hourly RUC Compensation**

For each Settlement Period and resource, Scheduling Coordinators shall receive RUC Compensation, which is the sum of the RUC Availability Payment as determined pursuant to Section 11.2.2.1 and the RUC Bid Cost Recovery amount as determined in Section 11.8.3.

**11.2.2.1 Settlement of RUC Available Payment**

Scheduling Coordinators shall receive RUC Availability Payments for all eligible capacity awarded in the RUC process. Resource Adequacy Capacity and RRM Capacity are not eligible for RUC Availability Payments in the DAM. The RUC Availability Payment shall be calculated for each resource based on the product of the RUC Price and the RUC Availability Quantity for the relevant Settlement Period. The RUC Availability Payment amounts are allocated through the RUC Compensation Costs allocation in Section 11.8.6.5.

**11.2.2.2 Rescission of RUC Availability Payment**

Rescission of all or a portion of the RUC Availability Payment for a resource as defined in Section 31.5.7 shall be settled in accordance with this Section 11.2.2.2.

**\* \* \* \***

**11.5.6.3 [Not Used]**

**\* \* \* \***

**11.8.2.1.1 IFM Start-Up Cost**

The IFM Start-Up Cost for any IFM Commitment Period shall be equal to the Start-Up Costs submitted by the Scheduling Coordinator to the CAISO for the IFM divided by the number of Settlement Intervals within the applicable IFM Commitment Period. For each Settlement Interval, only the IFM Start-Up Cost in a CAISO IFM Commitment Period is eligible for Bid Cost Recovery. The CAISO will determine the IFM Start-Up Costs for Multi-Stage Generating Resources based on the CAISO-committed MSG Configuration. The following rules shall apply sequentially to qualify the IFM Start-Up Cost in an IFM Commitment Period:

(a) The IFM Start-Up Cost for an IFM Commitment Period shall be zero if there is an IFM Self-Commitment Period within or overlapping with that IFM Commitment Period.

(b) The IFM Start-Up Cost for an IFM Commitment Period shall be zero if there is no actual Start-Up at the start of the applicable IFM Commitment Period because the IFM Commitment Period is the continuation of an IFM, RUC, or RTM Commitment Period from the previous Trading Day.

(c) If an IFM Start-Up is terminated in the Real-Time within the applicable IFM Commitment Period through an Exceptional Dispatch Shut-Down Instruction issued while the Bid Cost Recovery Eligible Resource was starting up, the IFM Start-Up Cost for that IFM Commitment Period shall be prorated by the ratio of the Start-Up Time before termination over the total IFM Start-Up Time.

(d) The IFM Start-Up Cost is qualified if an actual Start-Up occurs within the applicable IFM Commitment Period. An actual Start-Up is detected when the relevant metered Energy in the applicable Settlement Intervals indicates the unit is Off before the time the resource is instructed to be On as specified in its Start Up Instruction and is On in the Settlement Intervals that fall within the CAISO IFM Commitment Period. The CAISO will determine whether the resource is On for this purpose based on whether the resource’s metered Energy is at or above the resource’s Minimum Load as registered in the Master File, or if applicable, as modified pursuant to Section 9.3.3.

(e) The IFM Start-Up Cost will be qualified if an actual Start-Up occurs earlier than the start of the IFM Commitment Period if the advance Start-Up is a result of a Start-Up instruction issued in a RUC or Real-Time Market process subsequent to the IFM, or the advance Start-Up is uninstructed but is still within the same Trading Day and the Bid Cost Recovery Eligible Resource actually stays on until the targeted IFM Start-Up.

(f) The Start- Up Costs for a Bid Cost Recovery Eligible Resource that is a Short Start Unit committed by the CAISO in the IFM and that further receives a Start-Up Instruction from the CAISO in the Real-Time Market to start within the same CAISO IFM Commitment Period, will be qualified for the CAISO IFM Commitment Period instead of being qualified for the CAISO RTM Commitment Period; and Start-Up Costs for subsequent Start-Ups will be further qualified as specified in Section 11.8.4.1.1(h).

**11.8.2.1.2 IFM Minimum Load Cost**

The Minimum Load Cost for the applicable Settlement Interval shall be the Minimum Load Cost submitted to the CAISO in the IFM, and as modified pursuant to Section 30.7.10.2, if applicable, divided by the number of Settlement Intervals in a Trading Hour subject to the rules described below.

(a) For each Settlement Interval, only the IFM Minimum Load Cost in a CAISO IFM Commitment Period is eligible for Bid Cost Recovery.

(b) The IFM Minimum Load Cost for any Settlement Interval is zero if the Settlement Interval is in an IFM Self Commitment Period for the Bid Cost Recovery Eligible Resource.

(c) If the CAISO commits a Bid Cost Recovery Eligible Resource in the Day-Ahead and the resource receives a Day-Ahead Schedule and the CAISO subsequently de-commits the resource in the Real-Time Market, the IFM Minimum Load Costs are subject to the Real-Time Performance Metric for each case specified in Section 11.8.4.4.

(d) If a Multi-Stage Generating Resource is committed by the CAISO and receives a Day-Ahead Schedule and subsequently is committed by the CAISO to a lower MSG Configuration where its Minimum Load capacity as registered in the Master File in the Real-Time Market is lower than the CAISO IFM Commitment Period MSG Configuration’s Minimum Load as registered in the Master File, the resource’s IFM Minimum Load Costs are subject to the Real-Time Performance Metric for each case specified in Section 11.8.4.4.

(e) If the conditions in Sections 11.8.2.1.2 (c) and (d) do not apply, then the IFM Minimum Load Cost for any Settlement Interval is zero if the Bid Cost Recovery Eligible Resource is determined to be Off during the applicable Settlement Interval. For the purposes of determining IFM Minimum Load Cost, a Bid Cost Recovery Eligible Resource is assumed to be On if its metered Energy in a Settlement Interval is equal to or greater than the difference between its (i) Minimum Load as registered in the Master File, or if applicable, as modified pursuant to Section 9.3.3, and (ii) the Tolerance Band, and the Metered Energy is greater than zero (0) MWh. Otherwise, such resource is determined to be Off.

(f) For Multi-Stage Generating Resources, the commitment period is determined based on application of section 11.8.1.3. If application of section 11.8.1.3 dictates that the IFM is the commitment period, then the calculation of the IFM Minimum Load Costs will depend on whether the IFM CAISO Committed MSG Configuration is determined to be On. If it is determined to be On, then, the IFM Minimum Load Costs will be based on the Minimum Load Costs of the IFM committed MSG Configuration. For the purposes of determining IFM Minimum Load Cost for a Multi-Stage Generating Resource, a Bid Cost Recovery Eligible Resource is determined to be On if its metered Energy in a Settlement Interval is equal to or greater than the difference between its IFM MSG Configuration Minimum Load as registered in the Master File, or if applicable, as modified pursuant to Section 9.3.3, and the Tolerance Band, and the Metered Energy is greater than zero (0) MWh. Otherwise, such resource is determined to be Off.

(g) The IFM Minimum Load Costs calculation is subject to the Shut-Down State Variable and is disqualified as specified in Section 11.17.2.

**11.8.2.1.3 IFM Pump Shut-Down Cost**

For Pumped-Storage Hydro Units and Participating Load only, the IFM Pump Shut-Down Costs for each Settlement Interval shall be equal to the relevant Pump Shut-Down Cost submitted to CAISO in the IFM divided by the number of Settlement Intervals in a Trading Hour that is preceded by a previous commitment by the IFM to pump, in which actual shut down occurs if the unit is committed by the IFM not to pump and actually does not operate in pumping mode in that Settlement Interval (as detected through Meter Data). The IFM Pump Shut-Down Cost for an IFM Shut-Down period shall be zero if: (1) it is followed by an IFM or RFM Self-Commitment Period in generation mode; (2) the Shut-Down is due to an Outage reported through the CAISO’s outage management system as described in Section 9; or (3) the Shut-Down is delayed by the RTM past the IFM Shut-Down period in question or cancelled by the RTM before the Shut-Down process has started.

**11.8.2.1.4 IFM Pumping Bid Cost**

For Pumped-Storage Hydro Units and Participating Load only, the IFM Pumping Bid Cost for the applicable Settlement Interval shall be the Pumping Cost submitted to the CAISO in the IFM divided by the number of Settlement Intervals in a Trading Hour. The Pumping Cost is negative. The Pumping Cost is included in IFM Bid Cost computation for a Pumped-Storage Hydro Unit and Participating Load committed by the IFM to pump or serve Load if it actually operates in pumping mode or serves Load in that Settlement Interval. The IFM Energy Bid Cost for a Participating Load for any Settlement Interval is set to zero for actual Energy consumed in excess of the Day-Ahead Schedule for Demand. The IFM Pumping Cost for any Settlement Interval is zero if the Settlement Interval is in an IFM Self-Commitment Period for the Bid Cost Recovery Eligible Resource.

**\* \* \* \***

**11.8.3.1.1 RUC Start-Up Cost**

The RUC Start-Up Cost for any Settlement Interval in a RUC Commitment Period shall consist of Start-Up Cost of the Bid Cost Recovery Eligible Resource submitted to the CAISO for the applicable RUC Commitment Period divided by the number of Settlement Intervals in the applicable RUC Commitment Period. For each Settlement Interval, only the RUC Start-Up Cost in a CAISO RUC Commitment Period is eligible for Bid Cost Recovery. The CAISO will determine the RUC Start-Up Cost for a Multi-Stage Generating Resource based on the MSG Configuration committed by the CAISO in RUC.

The following rules shall be applied in sequence and shall qualify the RUC Start-Up Cost in a RUC Commitment Period:

(a) The RUC Start-Up Cost for a RUC Commitment Period is zero if there is an IFM Commitment Period within that RUC Commitment Period.

(b) The RUC Start-Up Cost for a RUC Commitment Period is zero if there is no RUC Start-Up at the start of that RUC Commitment Period because the RUC Commitment Period is the continuation of an IFM, RUC, or RTM Commitment Period from the previous Trading Day.

(c) The RUC Start-Up Cost for a RUC Commitment Period is zero if the Start-Up is delayed beyond the RUC Commitment Period in question or cancelled by the Real-Time Market prior to the Bid Cost Recovery Eligible Resource starting its start-up process.

(d) If a RUC Start-Up is terminated in the Real-Time within the applicable RUC Commitment Period through an Exceptional Dispatch Shut-Down Instruction issued while the Bid Cost Recovery Eligible Resource is starting up the, RUC Start-Up Cost is prorated by the ratio of the Start-Up Time before termination over the RUC Start-Up Time.

(e) The RUC Start-Up Cost for a RUC Commitment Period is qualified if an actual Start-Up occurs within that RUC Commitment Period. An actual Start-Up is detected when the relevant metered Energy in the applicable Settlement Intervals indicates that the resource is Off before the time the resource is instructed to be On as specified in its Start Up Instruction and is On in the Settlement Intervals that fall within the CAISO RUC Commitment Period. The CAISO will determine whether the resource is On for this purpose based on whether its metered Energy is at or above the resource’s Minimum Load as registered in the Master File, or if applicable, as modified pursuant to Section 9.3.3.

(f) The RUC Start-Up Cost shall be qualified if an actual Start-Up occurs. An actual Start-Up is detected when the relevant metered Energy in the applicable Settlement Intervals indicates the unit is Off before the time the resource is instructed to be On as specified in its Start Up Instruction and is On in the Settlement Intervals that fall within the CAISO RUC Commitment Period.

**11.8.3.1.2 RUC Minimum Load Cost**

The Minimum Load Cost for the applicable Settlement Interval shall be the Minimum Load Cost of the Bid Cost Recovery Eligible Resource, as adjusted pursuant to Section 30.7.10.2, if applicable, divided by the number of Settlement Intervals in a Trading Hour. For each Settlement Interval, only the RUC Minimum Load Cost in a CAISO RUC Commitment Period is eligible for Bid Cost Recovery. The RUC Minimum Load Cost for any Settlement Interval is zero if: (1) the Bid Cost Recovery Eligible Resource is not committed or Dispatched in the Real-time Market in the applicable Settlement Interval; or (2) the applicable Settlement Interval is included in an IFM Commitment Period. For the purposes of determining RUC Minimum Load Cost for a Bid Cost Recovery Eligible Resource recovery of the RUC Minimum Load Costs is subject to the Real-Time Performance Metric as specified in Section 11.8.4.4. For Multi-Stage Generating Resources, the commitment period is further determined based on application of section 11.8.1.3. The RUC Minimum Load Cost calculation will be subject to the Shut-Down State Variable and disqualified as specified in Section 11.17.2.

**\* \* \* \***

**11.8.4.1.1 RTM Start-Up Cost**

For each Settlement Interval of the applicable Real-Time Market Commitment Period, the Real-Time Market Start-Up Cost shall consist of the Start-Up Cost of the Bid Cost Recovery Eligible Resource submitted to the CAISO for the Real-Time Market divided by the number of Settlement Intervals in the applicable Real-Time Market Commitment Period. For each Settlement Interval, only the Real-Time Market Start-Up Cost in a CAISO Real-Time Market Commitment Period is eligible for Bid Cost Recovery. The CAISO will determine the RTM Start-Up Cost for a Multi-Stage Generating Resource based on the MSG Configuration committed by the CAISO in RTM. The following rules shall be applied in sequence and shall qualify the Real-Time Market Start-Up Cost in a Real-Time Market Commitment Period:

(a) The Real-Time Market Start-Up Cost is zero if there is a Real-Time Market Self-Commitment Period within the Real-Time Market Commitment Period.

(b) The Real-Time Market Start-Up Cost is zero if the Bid Cost Recovery Eligible Resource is started within the Real-Time Market Commitment Period pursuant to an Exceptional Dispatch issued in accordance with Section 34.11.2 to: (1) perform Ancillary Services testing; (2) perform pre-commercial operation testing for Generating Units; or (3) perform PMax testing.

(c) The Real-Time Market Start-Up Cost is zero if there is no Real-Time Market Start-Up at the start of that Real-Time Market Commitment Period because the Real-Time Market Commitment Period is the continuation of an IFM or RUC Commitment Period from the previous Trading Day.

(d) If a Real-Time Market Start-Up is terminated in the Real-Time within the applicable Real-Time Market Commitment Period through an Exceptional Dispatch Shut-Down Instruction issued while the Bid Cost Recovery Eligible Resource is starting up, the Real-Time Market Start-Up Cost is prorated by the ratio of the Start-Up Time before termination over the Real-Time Market Start-Up Time.

(e) The Real-Time Market Start-Up Cost shall be qualified if an actual Start-Up occurs within that Real-Time Market Commitment Period. An actual Start-Up is detected when the relevant metered Energy in the applicable Settlement Interval(s) indicates the unit is Off before the time the resource is instructed to be On as specified in its Start Up Instruction and is On in the Settlement Interval that falls within the CAISO Real-Time Market Commitment Period. The CAISO will determine whether the resource is On for this purpose based on whether its metered Energy is at or above the resource’s Minimum Load as registered in the Master File, or if applicable, as modified pursuant to Section 9.3.3. The CAISO will determine that the Multi-Stage Generating Resource is On based on the MSG Configuration that the CAISO has committed in the Real-Time Market.

(f) The Real-Time Market Start-Up Cost for a Real-Time Market Commitment Period shall be qualified if an actual Start-Up occurs earlier than the start of the Real-Time Market Start-Up, if the relevant Start-Up is still within the same Trading Day and the Bid Cost Recovery Eligible Resource actually stays on until the Real-Time Market Start-Up, otherwise the Start-Up Cost is zero for the Real-Time Market Commitment Period.

(g) For Short-Start Units, the first Start-Up Costs within a CAISO IFM Commitment Period are qualified IFM Start-Up Costs as described above in Section 11.8.2.1.1(g). For subsequent Start-Ups of Short-Start Units after the CAISO Shuts Down a resource and then the CAISO issues a Start-Up Instruction pursuant to a CAISO RTM Commitment within the CAISO IFM Commitment Period, the Start-Up Costs shall be qualified as Real-Time Start-Up costs, provided that the resource actually Shut-Down and Started-Up based on CAISO Shut-Down and Start-Up Instructions.

**11.8.4.1.2 RTM Minimum Load Cost**

The RTM Minimum Load Cost is the Minimum Load Cost of the Bid Cost Recovery Eligible Resource submitted to the CAISO for the Real-Time Market, as adjusted pursuant to Section 30.7.10.2, if applicable, divided by the number of Settlement Intervals in a Trading Hour. For each Settlement Interval, only the RTM Minimum Load Cost in a CAISO RTM Commitment Period is eligible for Bid Cost Recovery. The RTM Minimum Load Cost for any Settlement Interval is zero if: (1) the Settlement Interval is included in a RTM Self-Commitment Period for the Bid Cost Recovery Eligible Resource; (2) for all resources that are not Multi-Stage Generating Resources, that Settlement Interval is included in an IFM or RUC Commitment Period; or (3) the Bid Cost Recovery Eligible Resource is committed pursuant to Section 34.11.2 for the purpose of performing Ancillary Services testing, pre-commercial operation testing for Generating Units, or PMax testing. A resource’s RTM Minimum Load Costs for Bid Cost Recovery purposes are subject to the application of the Real-Time Performance Metric as specified in Section 11.8.4.4. For Multi-Stage Generating Resources, the commitment period is further determined based on application of Section 11.8.1.3. For all Bid Cost Recovery Eligible Resources that the CAISO Shuts Down, either through an Exceptional Dispatch or an Economic Dispatch through the Real-Time Market, from its Day-Ahead Schedule that was also from a CAISO commitment, the RTM Minimum Load Costs will include negative Minimum Load Costs for Energy between the Minimum Load as registered in the Master File, or if applicable, as modified pursuant to Section 9.3.3, and zero (0) MWhs.

**11.8.4.1.3 RTM Pump Shut-Down Cost**

The RTM Pump Shut-Down Cost for each Settlement Interval is the relevant Pump Shut-Down Cost submitted by the Scheduling Coordinator only for Pumped-Storage Hydro Units and Participating Load, divided by the number of Settlement Intervals in which such resource was committed by the Real-Time Market in a Trading Hour with scheduled pumping operation and in which an actual Shut-Down occurs and the resource does not actually operate in pumping mode or serve Load in that Settlement Interval (as detected through Meter Data). The RTM Pump Shut-Down Cost for a Real-Time Market Shut-Down event shall be zero if: (1) it is followed by a RTM Self-Commitment Period in generation mode or offline mode; or (2) the Shut-Down is due to an Outage reported through the CAISO’s outage management system as described in Section 9.

**11.8.4.1.4 RTM Pumping Bid Cost**

For Pumped-Storage Hydro Units and Participating Load only, the RTM Pumping Bid Cost for the applicable Settlement Interval shall be the Pumping Cost submitted to the CAISO in the RTM divided by the number of Settlement Intervals in a Trading Hour. The Pumping Cost is negative since it represents the amount the entity is willing to pay to pump or serve Load. The Pumping Cost is included in RTM Bid Cost computation for a Pumped-Storage Hydro Unit and Participating Load committed by the Real-Time Market to pump or serve Load, if it actually operates in pumping mode or serves Load in that Settlement Interval. The RTM Energy Bid Cost for a Participating Load for any Settlement Interval is set to zero for any Energy consumed in excess of instructed Energy. The RTM Pumping Bid Cost for any Settlement Interval is zero if: (1) the Settlement Interval is included in a RTM Self-Commitment Period for the Bid Cost Recovery Eligible Resource; (2) the Bid Cost Recovery Eligible Resource is not actually in pumping mode in that Settlement Interval; (3) that Settlement Interval is included in an IFM or RUC Commitment Period; or (5) the Bid Cost Recovery Eligible Resource is committed pursuant to Section 34.11.2 for the purpose of performing Ancillary Services testing or pre-commercial operation testing.

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**11.10.1.4 Voltage Support**

The total payments for each Scheduling Coordinator for Voltage Support in any Settlement Period shall be the sum of any commitment costs, Instructed Imbalance Energy as a result of Exceptional Dispatch pursuant to CAISO Tariff Section 11.5.6 and any opportunity costs, if any, due to an Exceptional Dispatch that limits Energy output to enable reactive energy production in response. The opportunity cost shall be calculated based on the product of the Energy amount that would have cleared the market at the price of the FMM or RTD LMP minus the higher of the Energy Bid price or the Default Energy Bid price.

If applicable, Scheduling Coordinators shall also receive any payments under any long-term contracts due for the Settlement Period. RMR Units providing Voltage Support are not eligible for an opportunity cost pursuant to this Section 11.10.1.4.

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**11.10.9.2 Rescission of Payments for Unavailable Ancillary Service Capacity**

Payments to the Scheduling Coordinator representing the Generating Unit, Participating Load, Proxy Demand Resource, System Unit or System Resource for the Ancillary Service capacity used to supply Uninstructed Imbalance Energy shall not be eliminated to the extent of the deficiency if: (i) the deficiency in the availability of Ancillary Service capacity from the Generating Unit, Participating Load, Proxy Demand Resource, System Unit or System Resource is attributable to control exercised by the CAISO in that Settlement Interval through AGC operation, or an Exceptional Dispatch; or (ii) a penalty is imposed under Section 8.10.7 with respect to the deficiency.

In calculating the amount of the payment to be rescinded under Section 8.10.8.2, the CAISO shall reduce the payment for Ancillary Service capacity otherwise payable for the Settlement Interval by the product of the applicable prices and the amount of Ancillary Service capacity from which the Generating Unit, Participating Load, Proxy Demand Resource, System Unit or System Resource has supplied Uninstructed Imbalance Energy in that Settlement Interval.

**\* \* \* \***

**Note to Stakeholders: in lieu of tariff language, the CAISO describes the Settlement principles. The CAISO will include tariff language in the next round of the tariff stakeholder process.**

* **Capacity Payments.**  CAISO will use the FERC-approved annual fixed revenue requirement for the RMR contract to establish the capacity payments that will appear on CAISO settlement statements and invoices.
* **Bid Cost Recover.** RMR Units are Bid Cost Recover Eligible Resources and Bid Costs will the mechanism to pay RMR owners the variable cost that they are entitled under the RMR contract for providing Energy products and services, including any Ancillary Services, Voltage Support, and Black Start, including Exceptional Dispatch (with the exception of Bid Costs associated with opportunity costs and major maintenance adders, which will be netted against the Capacity Payment settlements).
* **RAAIM penalties/revenues.** The current CAISO policy is to apply the RAAIM mechanism, which will penalize RMR owners if the resource is not bidding consistently with the applicable RA categories while also making the resource eligible to receive compensation, if available, for bidding as required.

**Current CAISO Tariff Language regarding RMR Settlement:**

**11.13 Settlements and Billing of RMR Charges and Payments**

**11.13.1 Objectives**

The objective of this Section 11.13 is to inform RMR Owners which are responsible for preparation of Invoices, and Responsible Utilities, which are responsible for payment of Reliability Must-Run Charges pursuant to Section 41.7, of the manner in which the RMR Charges referred to in Section 41.6 shall be verified and settled and of the procedures regarding the billing, invoicing and payment of these RMR Charges.

**11.13.2 Accounts**

**11.13.2.1 Facility Trust Account**

The CAISO shall establish a Facility Trust Account for each RMR Contract. Each Facility Trust Account shall consist of two segregated commercial bank accounts: (1) an RMR Owner Facility Trust Account, which will be held in trust for the RMR Owner, and (2) a Responsible Utility Facility Trust Account, which will be held in trust for the Responsible Utility. RMR Charges paid by the Responsible Utility to the CAISO in connection with the RMR Contract will be deposited into the RMR Owner Facility Trust Account and RMR Payments from the CAISO to the RMR Owner will be withdrawn from such account, all in accordance with this Section 11.13, Section 41.6, and the RMR Contract. RMR Refunds received by the CAISO from the RMR Owner in accordance with the RMR Contract will be deposited into the Responsible Utility Facility Trust Account and such RMR Refunds will be withdrawn from such account and paid to the Responsible Utility in accordance with this Section 11.13, Section 41.6, and the RMR Contract. The RMR Owner Facility Trust Account and the Responsible Utility Facility Trust Account shall have no other funds commingled in them at any time.

**11.13.2.2 RMR Owner’s Settlement Accounts**

Each RMR Owner shall establish and maintain at all times a Settlement Account at a commercial bank located in the United States and reasonably acceptable to the CAISO which can effect money transfers via Fedwire, and, at its option, may also establish and maintain a Settlement Account for transfers via ACH, where payments to and from the Facility Trust Accounts shall be made in accordance with this Section 11.13. Each RMR Owner shall notify the CAISO of its Settlement Account details upon entering into its RMR Contract with the CAISO and may notify the CAISO from time to time of any changes by giving at least fifteen (15) days notice before the new account becomes operational.

**11.13.3 RMR Payments Calendar**

The CAISO shall issue an RMR Payments Calendar for the purposes of this Section 11.13 which shall contain those dates set forth in Section 9.1 (b) of the RMR Contract and the following information:

(a) the date on which RMR Owners are required to issue to the CAISO, with a copy to the Responsible Utility, their Estimated RMR Invoice pursuant to their RMR Contract;

(b) the date on which the CAISO is required to initiate proposed adjustments to the Estimated RMR Invoice to the Responsible Utility and to the RMR Owner;

(c) the date by which the RMR Owners are required to issue their Revised Estimated RMR Invoice reflecting appropriate revisions to the original Estimated RMR Invoice agreed upon by the Responsible Utility and the RMR Owner (In the event no revisions are required, the RMR Owner shall submit an e-mail to the CAISO and Responsible Utility stating there are no revisions and the Estimated RMR Invoice should be deemed as the Revised Estimated RMR Invoice.);

(d) the date on which the CAISO is required to issue to the Responsible Utility or RMR Owner the CAISO Invoice based on the Revised Estimated RMR Invoice;

(e) the date on which RMR Owners are required to issue to the CAISO, with a copy to the Responsible Utility, their Adjusted RMR Invoice pursuant to their RMR Contract;

(f) the date on which the CAISO is required to initiate proposed adjustments to the Adjusted RMR Invoice to the Responsible Utility and the RMR Owner;

(g) the date by which the RMR Owners are required to issue their Revised Adjusted RMR Invoice reflecting appropriate revisions to the original Adjusted RMR Invoice agreed upon by the Responsible Utility and the RMR Owner. (In the event no revisions are required, the RMR Owner shall submit an e-mail to the CAISO and Responsible Utility stating there are no revisions and the Adjusted RMR Invoice should be deemed as the Revised Adjusted RMR Invoice.);

(h) the date on which the CAISO is required to issue to the Responsible Utility or the RMR Owner the CAISO Invoice based on the Revised Adjusted RMR Invoice;

(i) the dates by which the Responsible Utility and RMR Owner must have notified the CAISO of any dispute in relation to the CAISO Invoice, Estimated RMR Invoice or Adjusted RMR Invoice (including the Revised Estimated RMR Invoice and Revised Adjusted RMR Invoice) or the CAISO’s proposed adjustments;

(j) the date and time by which Responsible Utilities or RMR Owners are required to have made payments into the RMR Owner Facility Trust Account or Responsible Utility Facility Trust Account in payment of the CAISO Invoices relating to each Revised Estimated RMR Invoice and each Revised Adjusted RMR Invoice; and

(k) the date and time by which the CAISO is required to have made payments into the RMR Owners’ Facility Trust Accounts or Responsible Utilities’ Facility Trust Accounts in payment of the Revised Estimated RMR Invoice and the Revised Adjusted RMR Invoice pursuant to their RMR Contract.

If the day on which any CAISO Invoice, any RMR Invoice, or any payment is due is not a Business Day, such statement or invoice shall be issued or payment shall be due on the next succeeding Business Day.

Information relating to charges for Energy or Ancillary Services which are payable by the CAISO pursuant to Sections 8 and 11 to the Scheduling Coordinators representing the RMR Owners will be contained in the RMR Payments Calendar.

**11.13.4 Information Provided by RMR Owners to the CAISO**

Each RMR Invoice and any Prior Period Change Worksheet shall include, or be accompanied by, information about RMR Payments and RMR Refunds in sufficient detail to enable the CAISO to verify all RMR Charges and all RMR Refunds, and such information shall be copied to the Responsible Utility. Each RMR Invoice shall separately show the amounts due for services from each Reliability Must-Run Unit.

This information shall be provided in an electronic form in accordance with the RMR Invoice template developed jointly and agreed to by the CAISO, Responsible Utilities and RMR Owners in accordance with the RMR Contracts and the principles in Schedule O to those RMR Contracts, and maintained on the CAISO Website.

**11.13.5 Validation of RMR Charges and RMR Refunds**

The CAISO shall validate, based on information provided by each RMR Owner pursuant to paragraph 4, the amount due from the relevant Responsible Utility for RMR Charges and the amount due to the relevant Responsible Utility for RMR Refunds applicable to the Reliability Must-Run Generation and Ancillary Services of that RMR Owner, but shall not represent or warrant the accuracy or completeness of the information provided by the RMR Owner. The CAISO shall provide copies of its exception report and information to the relevant Responsible Utility and RMR Owner.

The CAISO shall not be obligated to pay the Responsible Utility any RMR Refunds unless and until the CAISO has received corresponding RMR Refunds into the Responsible Utility Facility Trust Account from the RMR Owner.

**11.13.6 Description of the Billing Process**

**11.13.6.1 Issuance of RMR Invoices by the RMR Owner**

Each RMR Owner shall provide any RMR Invoice to the CAISO in the electronic form, mutually agreed by the parties, which may be updated by agreement with the CAISO, Responsible Utilities and RMR Owners from time to time in accordance with the requirements of Schedule O of the RMR Contract, on each of the days specified in the RMR Payments Calendar, and shall send to the relevant Responsible Utility a copy of that invoice on the day of issue.

**11.13.6.2 Review of the RMR Invoice by the CAISO**

The CAISO shall review each RMR Invoice within the period specified in the RMR Payments Calendar and is required to initiate proposed adjustments to that invoice to the RMR Owner and the relevant Responsible Utility. Once the CAISO initiates proposed adjustments, the RMR Owner shall issue a Revised Estimated RMR Invoice or Revised Adjusted RMR Invoice.

**11.13.6.3 Issuance of CAISO Invoices by the CAISO**

The CAISO shall provide to the Responsible Utility and the RMR Owner on the dates specified in the RMR Payments Calendar CAISO Invoices showing:

(a) the amounts which, on the basis of the Revised Estimated RMR Invoice or the Revised Adjusted RMR Invoice, as the case may be, and pursuant to Section 11.13, are to be paid by or to the relevant Responsible Utility and RMR Owner;

(b) the Payment Date, being the date on which such amounts are to be paid and the time for such payment;

(c) details (including the account number, bank name and Fedwire transfer instructions or, if applicable, ACH transfer instructions) of the RMR Owner Facility Trust Account to which any amounts owed by the Responsible Utility are to be paid, or of the RMR Responsible Utility Facility Trust Account to which any amounts owed by the RMR Owner are to be paid.

**11.13.6.4 Resolving Disputes Relating to Invoices**

**11.13.6.4.1 Review of the Invoices by the Responsible Utility**

Each Responsible Utility shall have the review period specified in the RMR Payments Calendar to review RMR Invoices and CAISO Invoices, validate and propose adjustments to such invoices, and notify the CAISO of any dispute. Notwithstanding the above, each Responsible Utility shall have the review time specified in Section 41.6 to dispute such invoice.

**11.13.6.4.2 Dispute Notice**

If a Responsible Utility disputes any item or calculation relating to any revised RMR Invoice, or any CAISO Invoice, it shall provide the CAISO, with a copy to the RMR Owner, via email or such other communication mode as the parties may mutually agree upon, a notice of dispute at any time from the receipt of the copy of such invoice from the RMR Owner or the CAISO to the expiration of the period for review set out in Section 11.13. The CAISO shall initiate a corresponding dispute with the RMR Owner under the RMR Contract.

**11.13.6.4.3 Contents of Dispute Notice**

The notice of dispute shall state clearly the Revised Estimated RMR Invoice, Revised Adjusted RMR Invoice, or CAISO Invoice in dispute, the item disputed (identifying specific Reliability Must-Run Units and time periods), the reasons for the dispute, and the proposed amendment (if appropriate) and shall be accompanied by all available evidence reasonably required to support the claim.

**11.13.6.4.4 Prior Period Change Agreed to by the RMR Owner**

Subject to Sections 11.13.6.4.5 or 11.13.6.4.6, if the RMR Owner agrees with the proposed change, the change shall be shown in a Prior Period Change Worksheet and included in the next appropriate May or December Estimated RMR Invoice as specified in Article 9.1 of the RMR Contract.

**11.13.6.4.5 Dispute Involving the RMR Owner**

If the dispute relates to an item originating in any RMR Invoice, the applicable provisions of the RMR Contract and Section 41.6.1 shall apply.

**11.13.6.4.6 Dispute Involving an Alleged Error or Breach or Default of the CAISO’s Obligations Under Section 41.6**

If the dispute relates to an alleged error or breach or default of the CAISO’s obligations under Section 41.6, the applicable provisions of the RMR Contract and Section 41.6.1 shall apply.

**11.13.6.4.7 Payment Pending Dispute**

Subject to Section 41.6, if there is any dispute relating to an item originating in an RMR Invoice that is not resolved prior to the Payment Date, the Responsible Utility shall be obligated to pay any amounts shown in the relevant CAISO Invoice on the Payment Date irrespective of whether any such dispute has been resolved or is still pending. The Responsible Utility may notify the CAISO that the payment is made under protest, in which case the CAISO shall notify the RMR Owner that payment is made under protest. In accordance with Section 9.6 of the RMR Contract, if such dispute is subsequently resolved in favor of the Responsible Utility that made the payment under protest, then any amount agreed or determined to be owed by the RMR Owner to the CAISO shall be repaid by the RMR Owner to the CAISO, with interest at the interest rate specified in the RMR Contract from the date of payment by the CAISO to the RMR Owner of the disputed amount to the date of repayment by the RMR Owner, as specified in Section 11.13.6.4.4. If an RMR Owner does not agree to make the change pursuant to Section 11.13.6.4.4, then such repayment shall be made by CAISO’s deduction of such amount from the next CAISO Invoices until extinguished, or if the RMR Contract has terminated, by paying a RMR Refund in such amount to the Responsible Utility Facility Trust Account, subject to the limitation of Section 41.6.2.

**11.13.7 Payment Procedures**

**11.13.7.1 Payment Date**

The Payment Date for RMR Payments to and RMR Refunds from RMR Owners shall be the due date specified in the RMR Contract and in the RMR Payments Calendar and the same shall be the Payment Date for the CAISO and Responsible Utilities in relation to RMR Charges, provided that the RMR Owner has furnished the Responsible Utility and the CAISO with the Revised Estimated RMR Invoice or the Revised Adjusted RMR Invoice no less than nine (9) calendar days before the due date. The Payment Date shall be stated on the CAISO Invoice.

**11.13.7.2 Payment Method**

All payments and refunds by the CAISO to RMR Owners and Responsible Utilities shall be made via Fedwire or, if chosen by the RMR Owner or Responsible Utility, via ACH. However, if the RMR Owner is also the Responsible Utility, at the discretion of the RMR Owner, payments and refunds may be made by memorandum account instead of by Fedwire transfer or ACH.

**11.13.7.3 Payment by RMR Owners and Responsible Utilities.**

Each RMR Owner shall ensure that the amount shown on the relevant CAISO Invoice as payable by the RMR Owner shall be received into the Responsible Utility Facility Trust Account not later than 10:00 am on the Payment Date.

Subject to Section 41.6, each Responsible Utility shall ensure that the amount shown on the relevant CAISO Invoice as payable by the Responsible Utility shall be received into the RMR Owner Facility Trust Account not later than 10:00 am on the Payment Date.

**11.13.7.4 Payment by the CAISO**

The CAISO shall verify the amounts available for distribution to Responsible Utilities and/or RMR Owners on the Payment Date and shall give instructions to the CAISO Bank to remit from the relevant Facility Trust Account to the relevant settlement account maintained by each Responsible Utility or RMR Owner the amounts determined by the CAISO to be available for payment to each Responsible Utility or RMR Owner.

**11.13.7.5 Payment Default by RMR Owner or Responsible Utility**

If by 10:00 am on a Payment Date the CAISO, in its reasonable opinion, believes the RMR Default Amount has not been received, the CAISO shall immediately notify the RMR Owner and the Responsible Utility. Where the RMR Default Amount was due from the Responsible Utility, the CAISO and RMR Owner shall proceed as set forth in Section 41.6 and the applicable provision of the RMR Contract. Where the RMR Default Amount was due from the RMR Owner, the CAISO and the Responsible Utility shall proceed as set forth in the applicable provision of the RMR Contract.

**11.13.7.5.1 Default Relating to Market Payments**

For the avoidance of doubt, non payment to RMR Owners, or their respective Scheduling Coordinators, of charges for Energy or Ancillary Services which are payable by the CAISO to Scheduling Coordinators representing such RMR Owners shall be dealt with pursuant to Sections 11.3 to 11.30 (inclusive).

**11.13.7.6 Set-off**

**11.13.7.6.1 Set-off in the Case of a Defaulting Responsible Utility**

The CAISO is authorized to apply any amount to which any defaulting Responsible Utility is or will be entitled from the Responsible Utility Facility Trust Account in or towards the satisfaction of any amount owed by that Responsible Utility to the RMR Owner Facility Trust Account arising under the settlement and billing process set out in this Section 11.13.

For the avoidance of doubt, neither the CAISO nor any Responsible Utility will be authorized to set off any amounts owed by that Responsible Utility in respect of one Facility Trust Account against amounts owed to that Responsible Utility in respect of another Facility Trust Account or any amounts owed by that Responsible Utility under this Section 11.13 against amounts owed to that Responsible Utility except as provided by Section 41.6.

**11.13.7.6.2 Set-off in the Case of a Defaulting RMR Owner**

The CAISO is authorized to apply any amount to which any defaulting RMR Owner is or will be entitled from the RMR Owner Facility Trust Account in or towards the satisfaction of any amount owed by that RMR Owner to the Responsible Utility Facility Trust Account in accordance with Article 9 of the RMR Contract and Sections 41.6 and 11.10.2.

For the avoidance of doubt, neither the CAISO nor any RMR Owner will be authorized to set off any amounts owed by that RMR Owner in respect of one Facility Trust Account against amounts owed to that RMR Owner in respect of another Facility Trust Account or any amounts owed by that RMR Owner under this Section 11.13 against amounts owed to that RMR Owner under the RMR Contract.

**11.13.7.7 Default Interest**

Responsible Utilities shall pay interest on RMR Default Amounts to the CAISO at the interest rate specified in the RMR Contract for the period from the relevant Payment Date to the date on which the payment is received by the CAISO.

RMR Owners shall pay interest to the CAISO on RMR Default Amounts at the interest rate specified in the RMR Contract for the period from the date on which payment was due to the date on which the payment is received by the CAISO.

The CAISO shall pay interest to RMR Owners at the interest rate specified in the RMR Contract for the period from the date on which payment is due under the RMR Contract to the date on which the payment is received by the RMR Owner.

The CAISO shall pay interest to Responsible Utilities at the interest rate specified in the relevant RMR Contract for the period from the date following the date it received an RMR Refund from the relevant RMR Owner to the date in which the payment is received by the relevant Responsible Utility.

Where payment of an RMR Default Amount is made by exercise of a right of set-off or deduction, payments shall be deemed received when payment of the sum which takes that set-off or deduction into account is made.

**11.13.8 Overpayments**

The provisions of Sections 11.29.19.3 and 11.29.19.4 shall apply to RMR Owners and Responsible Utilities which have been overpaid by the CAISO and references to CAISO Creditors in these sections and in the relevant Sections of the CAISO Tariff shall be read, for the purposes of this Section 11.13, to mean RMR Owners and Responsible Utilities as applicable. Disputed amounts shall not be considered to be overpayments until and unless the dispute is resolved.

**11.13.9 Communications**

**11.13.9.1 Method of Communication**

CAISO Invoices will be issued by the CAISO via the CAISO’s secure communication system. RMR Invoices and Prior Period Change Worksheets will be issued by the RMR Owner in an electronic form mutually agreed by the parties and maintained on the CAISO Website. The CAISO shall also post Prior Period Change examples and Prior Period Change guidelines as specified in Article 9.1 of the RMR Contract.

**11.13.9.2 Emergency Procedures**

**11.13.9.2.1 Emergency Affecting the CAISO**

In the event of an emergency or a failure of any of the CAISO software or business systems, the CAISO may deem any Estimated RMR Invoice or any Adjusted RMR Invoice to be correct without thorough verification and may implement any temporary variation of the timing requirements relating to the settlement and billing process contained in this Section 11.13.

**11.13.9.2.2 Emergency Affecting the RMR Owner**

In the event of an emergency or a failure of any of the RMR Owner’s systems, the RMR Owner may use Estimated RMR Invoices as provided in the applicable section of the RMR Contract or may implement any temporary variation of the timing requirements relating to the settlement and billing process contained in this Section 11.13 and its RMR Contract. Details of the variation will be published on the CAISO Website. Communications of an emergency nature on a due date or a Payment Date relating to payments shall be made by the fastest practical means including by telephone.

**11.13.10 Confidentiality**

The provisions of Sections 11.29.10.5 and 20.5 shall apply to this Section 11.13 between and among the RMR Owners, the CAISO and Responsible Utilities. Except as may otherwise be required by applicable law, all confidential information and data provided by RMR Owner or the CAISO to the Responsible Utility pursuant to the RMR Contract, Section 41.6 or this Section 11.13 shall be treated as confidential and proprietary to the providing party to the extent required by Section 12.5 and Schedule N of the RMR Contract and will be used by the receiving party only as permitted by such Section 12.5 and Schedule N.

**\* \* \* \***

### 11.18.6 Submission of Cost Invoices by RMR Owner

Scheduling Coordinators for Generators eligible for Bid Cost Recovery that incur Emissions Costs during a CAISO Commitment Period may submit to the CAISO an invoice in the form specified on the CAISO Website (the Emissions Cost Invoice) for the recovery of such Emissions Costs. Emissions Cost Invoices shall not include any Emissions Costs specified in an RMR Contract for a unit. All Emissions Cost Invoices must include a copy of all final invoice statements from air quality districts demonstrating the Emissions Costs incurred by the applicable Generating Unit, and such other information as the CAISO may reasonably require to verify the Emissions Costs incurred during a CAISO Commitment Period.

**\* \* \* \***

### 11.29.24 CAISO Payments Calendar

**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+3B and Invoices and Payment Advices to Scheduling Coordinators or CRR Holders, Black Start Generators and Participating TOs for that Trading Day;

(c) The date on which the CAISO will issue the Recalculation Settlement Statements T+12B; T+55B, T+9M, T+18M, T+33M, and T+36M, and Invoices and Payment Advices to Scheduling Coordinators, CRR Holders, Black Start Generators and Participating TOs for that Trading Day;

(d) 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+12B, T+55B, T+9M, T+18M and T+33M.

(e) 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;

(f) The dates and times on which the CAISO Clearing Account will remit payments to the CAISO Creditors of amounts owing to them for that Trading Day; and

(g) In relation to Reliability Must-Run Charges and RMR compensation, the details are set out in Section 11.13.3 and 41 of the CAISO Tariff.

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 that 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 31 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 January 1 to December 31 in the next succeeding year (both dates inclusive), the dates that Settlement Statements will be published by the CAISO and the Payment Dates that the CAISO will pay the Participating TOs the Wheeling revenues allocated to them pursuant to Section 26.1.4.3.

**\* \* \* \***

**41. Procurement of RMR Resources**

**41.1 Procurement of Reliability Must-Run Resources by the CAISO**

A Reliability Must-Run Contract is a contract entered into by the CAISO with a resource owner that operates a Generating Unit and/or is capable of providing a reliability service, giving the CAISO the right to call on the resource to generate Energy and/or provide Ancillary Services or other reliability services to maintain the reliability of the CAISO Controlled Grid, including meeting system, local, and flexible capacity needs.

**41.2 Designation of Resources as Reliability Must-Run Resources**

The CAISO will, subject to any existing power purchase contracts, have the right at any time based upon CAISO Controlled Grid technical analyses and studies to designate a Generating Unit as a Reliability Must-Run Unit. The CAISO will also have the right at any time based upon CAISO Controlled Grid technical analyses and studies to designate a resource for Reliability Must-Run service that is needed to provide Ancillary Services or other reliability services. A resource so designated shall then be obligated to provide the CAISO with its proposed rates for Reliability Must-Run service for negotiation with the CAISO. A pro forma Reliability Must-Run Contract applicable to resources that receive RMR designations is attached as Appendix G. Such rates shall be authorized by FERC.

**41.2.1 Formal Notice Applicable to Generating Units**

If an owner of a Generating Unit plans to withdraw it from the CAISO markets, it must submit a formal written notice to the CAISO indicating its intent to retire or mothball the unit. The written notice must include a signed affidavit by an executive officer of the entity that owns or controls the company who has the legal authority to bind the company attesting that it intends to take the Generating Unit out of service by retiring or mothballing it, and that the decision is definite unless the CAISO procures the Generating Unit, the Generating Unit enters into an RA contract or some other arrangement for compensation for the capacity of the Generating Unit, or the Generating Unit is sold to a non-affiliated entity. In the notice, the resource owner must state that it is planning to retire/mothball the Generating Unit at a certain date, providing a minimum of 90-days’ notice for retirement or mothball. Failure to provide a complete and timely notice may result in the CAISO rejecting the request and not studying the need for the Generating Unit under Section 41.3. A form of notice and affidavit will be included in the Business Practice Manual.

**41.2.2 Processing Retirement/Mothball Notices**

The CAISO will process retirement/mothball notices as follows:

(a) If the Generating Unit is not a Resource Adequacy Resource in the current Resource Adequacy Compliance Year and is planning to retire or mothball its Generating Unit, the unit owner may submit its written notice at any time during the year, and the CAISO will inform the owner of the study results after it completes the study in Section 41.3. If the owner of a non-Resource Adequacy Resource desires an earlier determination of need, it can submit its written notice to the CAISO before the deadline specified in the Participating Generator Agreement for terminating the agreement or removing a resource from the agreement. Under Section 41.3, the CAISO will study whether the Generating Unit is needed for reliability in the current Resource Adequacy Compliance Year or by the end of the upcoming Resource Adequacy Compliance Year. If the CAISO finds that the Generating Unit is needed for reliability in either of these timeframes, the CAISO may grant the Generating Unit an RMR designation for the remainder of the current Resource Adequacy Compliance Year.

(b) If the Generating Unit is a Resource Adequacy Resource in the current Resource Adequacy Compliance Year and the unit owner is planning to retire or mothball its Generating Unit, the unit owner may submit a notice by the deadline established in the applicable Business Practice Manual, which will be in the first quarter of the current Resource Adequacy Compliance Year, and the CAISO will study the Generating Unit and post the results of the study by the deadline established in the applicable Business Practice Manual, which will be by the end of the second quarter of the current Resource Adequacy Compliance Year. Generating Units that are not Resource Adequacy Resources in the current Resource Adequacy Compliance Year may also submit a notice to be studied under this sub-section and the prior sub-section. The CAISO will not commence its RMR procurement process for any Generating Unit the CAISO finds to be needed until September 1. Any new RMR designations will be conditional until the deadline for LSEs to submit their annual Resource Adequacy showings to the CAISO passes. Under Section 41.3, the CAISO will study whether the Generating Unit is needed for reliability in the upcoming Resource Adequacy Compliance Year and may study whether the Generating Unit is needed for reliability by the end of the following Resource Adequacy Compliance Year. If the CAISO finds that the Generating Unit is need for reliability in either the upcoming Resource Adequacy Compliance Year or by the end of the following Resource Adequacy Compliance Year, the CAISO may grant the Generating Unit an RMR designation for the upcoming Resource Adequacy Compliance Year.

(c) If the unit owner of a Resource Adequacy Resource provides notice after the deadline specified in the applicable Business Practice Manual, the CAISO will inform the resource of the study results 60 days prior to expiration of the Resource Adequacy contract or 90 days from the date of the notice, whichever is later.

(d) If multiple Generating Units file the requisite notice with the CAISO and can meet the reliability need identified by the CAISO, but the CAISO does not need all of the Generating Units to meet the reliability need, the CAISO will ask each unit owner to submit a proposed annual cost-based RMR price for its Generating Unit plus a total cost for Planned Capital Items pursuant to the rate schedules including in the pro forma RMR Contract. It the Generating Unit that would receive an RMR Contract based on cost-effectiveness criteria faces use limitations such that the unit, in the CAISO’s reasonable discretion, poses the risk of being unavailable to fully meet the reliability need identified by the CAISO, then the CAISO may at its reasonable discretion, and giving due regard for meeting cost-effectiveness considerations, instead grant the designation to another unit that fully meets the reliability need. In exercising this discretion, the CAISO will not unduly discriminative against units with use-limitations. If more than one Generating Unit remain that can meet such criteria, then the CAISO will determine which Generating Unit(s) receives an RMR designation by selecting the Generating Unit(s) with the lowest combined proposed costs for RMR service including Planned Capital Items for the next RMR Contract Year provided that if the total costs of two or more Generating Units are within 10% of each other, then the CAISO will grant the designation in its discretion based on the following criteria: (1) relative effectiveness of the Generating Units in meeting local and/or zonal constraints or other CAISO system needs, including flexible capacity needs; and (2) relative operating characteristics of the Generating Units including dispatch ability, ramp rate, and load following capability. A designated Generating Unit will not be able to propose to FERC – and will not be compensated by the CAISO for any costs higher than – its proposed annual cost-based RMR price, including any Planned Capital Items provided to the CAISO, respectively. The RMR Owner will still be allowed to recover any costs for items not covered in its proposal.

**41.3 Reliability Studies and Determination of RMR Units Status**

In addition to the Local Capacity Technical Study under 40.3.1, the CAISO may perform additional technical studies, as necessary, to ensure compliance with Reliability Criteria, including system, local, and flexible capacity needs. The CAISO will then determine which resources it requires to continue to be Reliability Must-Run Units, which resources it no longer requires to be Reliability Must-Run Units and which resources it requires to become the subject of a Reliability Must-Run Contract which had not previously been so contracted to the CAISO. When making this determination, the CAISO will be evaluating whether there are any more cost-effective options that are available or may be made available in order to avoid the need for a Reliability Must-Run Contract.

**41.4 [Not Used]**

**41.5 RMR Dispatch**

**41.5.1 Day-Ahead and RTM RMR Dispatch**

Reliability Must Run units will 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. Reliability Must-Run will meet the Day-Ahead availability requirements specified in in Section 40.6, the Real-Time availability requirements specified in Section 40.6.2, and the Day-Ahead and Real-Time availability requirements specified under Section 40.10.6.1 for the highest Flexible Capacity Category for which the unit qualifies under Section 40.10.3. Also in accordance with those requirements, Reliability Must-Run Units that meet the definition of Short Start Units, will be obligated to meet the availability requirements of Section 40.6.2, Reliability Must-Run Units that meet the definition of Long Star Units will have the rights and obligations specified in Section 40.6.2. If the CAISO has not received an Economic Bid or Self-Schedule for capacity from a Reliability Must-Run Unit, the CAISO will utilize a Generated Bid in accordance with the procedures specified in Section 40.6.8. In addition to Energy Bids, Reliability Must-Run Units will submit Ancillary Service Bids for their capacity to the extent the unit is certified to provide Ancillary Service.

**41.5.1.1 Must-Offer Report**

No later than 60 days after the end of the month, the CAISO will prepare and provide to the Department of Market Monitoring a report detailing each RMR resource’s performance relative to the must-offer obligations applicable to the resource.

**41.5.2 RMR Payments**

RMR Units will be paid in accordance with the RMR Contract and Section 11.13.

**41.5.3 Provisions of Ancillary Services and other Reliability Services**

The CAISO may call upon RMR resources for Ancillary Services or any other reliability service that the RMR resource is contracted to provide in any amounts and at any time that the CAISO has determined is necessary.

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**41.7 Individualized Non-Availability Charges and Availability Incentive Payments**

The provisions of Section 40.9 applicable to resources providing local and/or system Resource Adequacy Capacity and Flexible RA Capacity apply to Reliability Must-Run Units. Reliability Must-Run Units will face a resource-specific Availability Incentive Mechanism Price under Section 40.9.6. The resource-specific price will be the higher of: (a) the price that the resource is being paid by the CAISO ($/kW-month) under the Reliability Must-Run Contract; and (b) the Resource Adequacy Availability Incentive Mechanism rate. Availability Incentive Mechanism payments to Reliability Must-Run Units will be capped at the general Availability Incentive Mechanism rate. Reliability Must-Run Units can provide RA Substitute Capacity based on the same rules applicable to Resource Adequacy Resources under Section 40.9.

**41.8 Allocating Resource Adequacy Credits for RMR Designations**

The CAISO will allocate year-ahead Reliability Must-Run credits (local, system, and flex – if applicable) to the Scheduling Coordinators of LSEs that serve load in the TAC Area(s) in which the need for the Reliability Must-Run Contract arose based upon the percentage of year ahead CEC forecasted load of each LSE in the TAC Area(s) to total forecasted load in the TAC Areas(s), at the CAISO coincident forecasted peak, for the period for which the RMR Contract is projected to be in effect.

The CAISO will allocate month-ahead Reliability Must-Run credits (local, system and flex – if applicable) to the Scheduling Coordinators for LSEs that serve load in the TAC Area(s) in which the need for the Reliability Must-Run Contract arose based upon the percentage of month ahead CEC forecasted load of each LSE in the TAC Area(s) to total forecasted load in the TAC Areas(s), at the CAISO coincident forecasted peak, for each RMR Contract the months for which the Reliability Must-Run Contract is projected to be in effect.

**41.9 Allocation of Reliability Must-Run Contract Costs**

The CAISO will allocate Reliability Must-Run costs not recovered through market revenues to the Scheduling Coordinators for LSEs that serve load in the TAC Area(s) in which the need for the Reliability Must-Run Contract arose based upon the percentage of actual load of each LSE in the TAC Area(s) to the total load in the TAC Area(s) as recorded in the CAISO settlement system for the actual days of any settlement month period for which the Reliability Must-Run Contract was in effect.

**41.9.1 [Not Used]**

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**43A.2 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 43A:

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; and

6. 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.

**\* \* \* \* \* \***

**43A.2.6 [Not Used]**

**\* \* \* \* \* \***

**43A.3.7 [Not Used]**

**\* \* \* \* \* \***

**43A.4 Selection of Eligible Capacity Under the CPM through Competitive Solicitation Processes (CSP) and General Eligibility Rules**

In accordance with Good Utility Practice, the CAISO shall designate and compensate Eligible Capacity as CPM Capacity based on the results of either the Annual CSP, the Monthly CSP, or the Intra-monthly CSP.

The CAISO shall designate CPM Capacity through the Annual CSP to meet designations triggered under sections 43A.2.1.1, 43A.2.2, or 43A.2.3 (if the failure is to demonstrate sufficient Resource Adequacy capacity in an annual Resource Adequacy Plan), and 43A.2.7(a) (if the failure is to demonstrate sufficient Flexible Resource Adequacy capacity in an annual Flexible Resource Adequacy Plan).

The CAISO shall designate CPM Capacity through the Monthly CSP to meet designations triggered under sections 43A.2.1.2, 43A.2.3 (if the failure is to demonstrate sufficient Resource Adequacy capacity in a monthly Resource Adequacy Plan), or 43A.2.7(b) (if the failure is to demonstrate sufficient Flexible Resource Adequacy capacity in a monthly Flexible Resource Adequacy Plan).

The CAISO shall designate CPM Capacity through the Intra-monthly CSP to meet designations triggered under sections 43A.2.4 or 43A.2.5.

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**43A.4.1.1.1 Exceeding CPM Soft Offer Cap through a Resource-Specific Cost Filing with FERC**

A Scheduling Coordinator for a resource may offer a price in excess of the CPM Soft Offer Cap. The resource owner whose capacity is offered in excess of the CPM Soft Offer Cap must justify in a filing to FERC a price above the CPM Soft Offer Cap, which shall be determined in accordance with the following methodology: (fixed operation & maintenance costs, plus ad valorem taxes, plus administrative & general costs, plus 20 percent (20%) of the foregoing amount), provided such costs will be converted to a fixed $kW-year amount. For a resource whose sales are under FERC jurisdiction that is providing CPM Capacity to be compensated at a rate higher than the CPM Soft Offer Cap, the resource owner must make a limited resource-specific filing before FERC to determine the just and reasonable capacity price for the resource as calculated under this formula. The resource owner must serve its filing on the CAISO within five business days of submitting its filing to FERC.

If the sales from the resource are not under the jurisdiction of FERC, the resource owner shall make a non-jurisdictional filing with FERC to determine the just and reasonable capacity price for the going forward costs for the resource as calculated in accordance with the following methodology: (fixed operation & maintenance costs, plus ad valorem taxes, plus administrative & general costs, plus 20 percent (20%) of the foregoing amount), provided such costs will be converted to a fixed $/kW-year amount. The resource owner must serve its filing on the CAISO within five business days of submitting its filing to FERC.

A resource owner may make a cost justification filing at FERC either before it offers a resource into the competitive solicitation process or after having capacity designated as CPM Capacity. If the resource owner has not made the cost justification filing before the capacity was designated as CPM Capacity, then the resource owner must make its cost justification filing with FERC within 30 days of the CPM designation. If the resource owner fails to make such cost justification filing within 30 days, then the CAISO shall deem the effective CPM Capacity price for the resource to be the CPM Soft Offer Cap. The resource owner may not propose – and shall not be compensated based upon – an offer price higher than the price submitted in its bid to the CAISO for the designated capacity.

A FERC-approved resource-specific CPM Capacity price shall remain in effect for the remainder of the calendar year in which it is approved and for the subsequent two calendar years, unless superseded by a subsequent FERC-approved CPM Capacity price during that period. Although a FERC-approved resource-specific CPM Capacity price will be denoted in units of $/kW-year, that $/kW-year figure will be divided by 12 so that compensation will be in terms of $/kW-month.

A resource that has obtained the appropriate FERC authorization in response to the cost justification filing described in this Section 43A.4.1.1.1 for a rate higher than the CPM Soft Offer Cap is not precluded from submitting a bid into the competitive solicitation process that is below the FERC-authorized rate and, if selected pursuant to such a bid, will be compensated based on that lower bid.

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**43A.5.4 Individualized Non-Availability Charges and Availability Incentive Payments**

The provisions of Section 40.9 applicable to Resource Adequacy Resources apply to CPM Capacity. Capacity accepting a designation as CPM Capacity will face a resource-specific Availability Incentive Mechanism Price under section 40.9.6. The resource-specific price will be the higher of: (a) the price that the resource was paid by the CAISO ($/kW-month) as a result of receiving the designation; and (b) the RA Availability Incentive Mechanism rate. Availability Incentive Mechanism payments to a resource designated under the CPM will be capped at the general Availability Incentive Mechanism rate.

For a resource requesting a resource-specific CPM Capacity price pursuant to Section 43A.4.1.1.1, the CAISO shall use that resource-specific CPM capacity price for calculating the Availability Incentive Mechanism only if that resource-specific CPM capacity price has been approved in time for inclusion on the Recalculation Settlement Statement T+55B. Otherwise, for resources that have sought a resource-specific CPM Capacity price pursuant to Section 43A.4.1.1.1, the CAISO shall use the CPM Soft Offer Cap price for calculating the Availability Incentive Mechanism price.

**43A.6 Reports**

The CAISO shall publish the following reports and notices.

**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.2.7. 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 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.

**43A.6.2 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 43A.2.1 through 43A.2.7 or ten (10) days after the end of the month; provided that where the CAISO makes a designation under Sections 43A.2.1.1, 43A.2.1.2, 43A.2.2.2, 43A.2.3, 43A.2.4, or 43A.2.7 that takes effect on the first day of the succeeding month, the CAISO will post the designation report by the earlier of 30 days after the CAISO selects the resource it will be designating or the tenth day of the month in which the designation takes effect. 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 or Flexible Capacity CPM designated (MW),

(c) an explanation of why that amount of CPM Capacity or Flexible Capacity CPM was designated,

(d) the date CPM Capacity was designated,

(e) the duration of the designation; and

(f) the accepted offer price of the resource, or if the resource has a request pending with FERC to exceed the CPM Soft Offer Cap, then the CPM Soft Offer Cap along with a notation that the resource has a pending request with FERC to be compensated above the CPM Soft Offer Cap.

(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 43A.6.1.

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**43A.8.7 [Not Used]**

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**43A.9 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 43A.2.1.1 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43A.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 43A.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 43A.2.1.1.

(b) To the extent the cost of CAISO designation under Section 43A.2.2 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43A.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 43A.2.2.

(c) To the extent the cost of CPM designation under Section 43A.2.3 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43A.8.4, and the designation is for greater than one month under Section 43A.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 43A.2.3.

(d) The credit provided in this Section shall be used for determining the need for the additional designation of CPM Capacity under Section 43A.2 and for allocation of CPM costs under Section 43A.8.

(e) 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.

(f) To the extent the cost of Flexible Capacity CPM designation under Section 43A.2.7 is allocated to a Scheduling Coordinator for an LSE under Section 43A.8.8, and the designation is for greater than one month under Section 43A.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 Flexible Capacity CPM designated under Section 43A.2.7.