California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Circular Scheduling Amendment

Marked Tariff

June 26, 2012
August 1, 2012
11.2.4.6 Adjustment of CRR Revenue Related to Virtual Awards

The CAISO will adjust the revenue from the CRRs of a CRR Holder that is also a Convergence Bidding Entity, and will adjust the revenue from the CRRs of a CRR Holder (regardless of whether the CRR Holder is also a Convergence Bidding Entity) where the Scheduling Coordinator representing that CRR Holder has reduced a Day-Ahead import or export Schedule in the HASP as set forth in Section 11.32, whenever the virtual bidding activity on behalf of that entity or a reduction to a Day-Ahead import or export Schedule in the HASP has had a significant impact on the value of the CRRs in the DAM as determined in accordance with the following steps.

(a) For purposes of this Section 11.2.4.6 and the definition of Flow Impact, any reduction by a Scheduling Coordinator submitting Schedules on behalf of an entity that is a CRR Holder to an import or export Schedule in the HASP will be treated as a Virtual Award. For each CRR Holder subject to this Section 11.2.4.6, for each hour, and for each Constraint binding in the IFM, HASP, or RTD, the CAISO will calculate the Flow Impact of the Virtual Awards awarded to the Scheduling Coordinator that represents the CRR Holder, excluding Virtual Awards at LAPs and generation Trading Hubs.

(b) The CAISO will determine the peak and off-peak hours of the day in which Congestion on the Constraint was significantly impacted by the Virtual Awards awarded to the Scheduling Coordinator that represents the CRR Holder. Congestion on the Constraint will be deemed to have been significantly impacted by the Virtual Awards awarded to the Scheduling Coordinator that represents the CRR Holder if the Flow Impact passes two criteria. First, the Flow Impact must be in the direction to increase the value of the CRR Holder’s CRR portfolio. Second, the Flow Impact must exceed the threshold percentage of the flow limit for the Constraint. The threshold percentage is ten (10) percent of the flow limit for each Constraint.

(c) For each peak or off-peak hour that passes both criteria in Section 11.2.4.6(b), the CAISO will compare the Constraint’s impact on the Day-Ahead Market value
of the CRR Holder’s CRR portfolio with the Constraint’s impact on the HASP or Real-Time Market value of the CRR Holder’s CRR portfolio, as applicable.

(d) The CAISO will adjust the peak or off-peak period revenue from the CRR Holder’s CRRs in the event that, over the peak or off-peak period of a day, the Constraint’s contribution to the Day-Ahead Market value of the CRR Holder’s CRR portfolio exceeds the Constraint’s contribution to the HASP or Real-Time Market value of the CRR Holder’s CRR portfolio, as applicable. The amount of the peak period adjustment will be the amount by which the Constraint’s contribution to the Day-Ahead Market value of the CRR Holder’s CRR portfolio exceeds the Constraint’s contribution to the HASP or Real-Time Market value of the CRR Holder’s CRR portfolio for the peak-period hours that passed both criteria in Section 11.2.4.6(b), as applicable. The amount of the off-peak period adjustment will be the amount by which the Constraint’s contribution to the Day-Ahead Market value of the CRR Holder’s CRR portfolio exceeds the Constraint’s contribution to the HASP or Real-Time Market value of the CRR Holder’s CRR portfolio for the off-peak period hours that passed both criteria in Section 11.2.4.6(b), as applicable.

All adjustments of CRR revenue calculated pursuant to this Section 11.2.4.6 will be added to the CRR Balancing Account.

11.2.4.7 Adjustment of CRR Revenue Related to Schedules that Source and Sink in the Same Balancing Authority Area

The CAISO will adjust the revenue from the CRRs of a CRR Holder where the Scheduling Coordinator representing that CRR Holder has submitted Bids in violation of Section 30.5.5 and the resulting Schedule impacts the value of the CRRs in the DAM held by that CRR Holder (or any affiliate of that CRR Holder). Such adjustment will occur if the following circumstances are all met:

(a) A portion of the E-Tag that uses the CAISO Controlled Grid relates to a Schedule in the Day-Ahead Market;
(b) The scheduled MW on the portion of the E-Tag using the CAISO Controlled Grid has a positive PTDF on a congested transmission element; and

(c) The CRR Holder (or an affiliate of the CRR Holder) would receive payments from CRRs on the congested transmission element.

If such circumstances occur, the revenue adjustment will be a reduction in payments, or increase in charges, to the CRR Holder equal to the additional net CRR revenue that otherwise would be earned from the congestion created by the Schedule that results from the Bids submitted in violation of Section 30.5.5.

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11.21.1 CAISO Demand and Exports

If the CAISO corrects an LMP in the upward direction pursuant to Section 35 that impacts Demand in the Day-Ahead Market and the HASP such that either a portion of or the entire cleared CAISO Demand or export Economic Bid curve becomes uneconomic, then the CAISO will calculate and apply the Price Correction Derived LMP for settlement of CAISO Demand and exports in Section 11.2.1.2, 11.2.3, 11.2.1.4 and 11.4.1. The CAISO shall not calculate and apply a Price Correction Derived LMP for settlement of exports that are part of a Schedule that results from Bids submitted in violation of Section 30.5.5. The CAISO will calculate a Price Correction Derived LMP for each affected CAISO Demand and exports as follows: the total cleared MWhs of CAISO Demand or exports in the Day-Ahead Schedule or HASP Intertie Schedule, as applicable, multiplied by the corrected LMP, minus the make-whole payment amount, all of which is divided by the total cleared MWhs of CAISO Demand or export in the Day-Ahead Schedule or HASP Intertie Schedule, as applicable. The make-whole payment amount will be calculated on an hourly basis determined by the area between the Scheduling Coordinator’s CAISO Demand or Export Bid curve and the corrected LMP, which is calculated as the MWhs for each of the cleared bid segments in the Day-Ahead Schedule or HASP Intertie Schedule for the affected resource, multiplied by the maximum of zero or the corrected LMP minus the bid segment price. For the purpose of this calculation, the CAISO will not factor in a make-whole payment amount for Self-Scheduled CAISO Demand or exports. Any non-zero amounts in revenue collected as a result of the application of the Price Correction Derived LMP will be captured through the calculation of the IFM Congestion Charge reflected
in Section 11.2.4.1 and the allocation of non-zero amounts of the sum of Imbalance Energy, Uninstructed Imbalance Energy, and Unaccounted for Energy in accordance with Section 11.5.4.

11.33 Settling Revenue from Schedule Sourcing/Sinking in Same BAA

The import portion of any Schedule resulting from Bids submitted in violation of Section 30.5.5 will be settled at the lower of the: (a) LMP of the Scheduling Point for the import portion of the Schedule in the market in which the import portion of the Schedule was awarded; or (b) LMP of the scheduling point for the export portion of the Schedule in the market in which the export portion of the Schedule was awarded. Such settlement will occur irrespective of whether the import and export were scheduled in the same market or are split between the Day-Ahead Market and Real-Time Market HASP.

30.5.5 Scheduling Sourcing/Sinking in Same Balancing Authority Area

30.5.5.1 Prohibition

A Scheduling Coordinator is prohibited from submitting Bids that result in a Schedule(s) being awarded to that single Scheduling Coordinator that has an associated E-Tag reflecting a source and sink in the same Balancing Authority Area. A Schedule resulting from Bids submitted in violation of this Section 30.5.5.1 will be settled according to Section 11.2.4.7 and Section 11.33.

30.5.5.2 Exceptions to Prohibition

Bids that otherwise would be prohibited under Section 30.5.5.1 are permitted, and the resulting Schedule(s) will not be settled according to Section 11.2.4.7 and Section 11.33, if any of the following four conditions cause the associated E-Tag to have a source and sink in the same Balancing Authority Area.

(a) The Schedule(s) includes a transmission segment on a DC Intertie.

(b) The Schedule(s) involves a Pseudo-Tie generating unit delivering energy from its Native Balancing Authority Area to an Attaining Balancing Authority Area.

(c) The Schedule(s) are used to serve Load that has temporarily become isolated from the CAISO Balancing Authority Area because of an Outage.
(d) The Schedule(s) involve a Wheeling Through transaction that the Scheduling Coordinator can demonstrate was used to serve load located outside the transmission and Distribution System of a Participating TO.

Provided, however, that if the circumstances leading to one of the above four conditions being met were excluded from consideration and the resulting hypothetical Schedule(s) could not permissibly have an associated E-Tag reflecting that the source and sink of the Schedule were in different Balancing Authority Areas could have an associated E-Tag reflecting a source and sink in the same Balancing Authority Area, then the Schedule(s) will be settled according to Section 11.2.4.7 and Section 11.33.

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Appendix A

Master Definitions Supplement

- Bid Cost Recovery (BCR) Eligible Resources
Those resources eligible to participate in the Bid Cost Recovery as specified in Section 11.8, which include Generating Units, System Units, System Resources, Participating Loads, and Proxy Demand Resources. A System Resource that has a Schedule that results from Bids submitted in violation of Section 30.5.5 shall not be a Bid Cost Recovery Eligible Resource for any Settlement Interval that occurs during the time period covered by the Schedule that results from Bids submitted in violation of Section 30.5.6.

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- Wheeling Out
Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1, the use of the CAISO Controlled Grid for the transmission of Energy from a Generating Unit located within the CAISO Controlled Grid (which includes a Pseudo-Tie of a Generating Unit to the CAISO Balancing Authority Area) to serve a Load located for delivery to a point outside the transmission and Distribution System of a Participating TO.

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- Wheeling Through
Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1, the use of the CAISO Controlled Grid for the transmission of Energy from a resource located outside the CAISO Controlled Grid for delivery to a point located outside the transmission and Distribution System of a Participating TO.