Blacklines

Price Corrections Make Whole Payments

Fourth Replacement CAISO Tariff

March 17, 2010

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11.2.1.2   IFM Charges for Demand at LAPS.

For each Settlement Period that the CAISO clears Energy transactions in the IFM, except as specified in Section 30.5.3.2 and except for Participating Loads, which shall be subject to the charges specified in 11.2.1.3, the CAISO shall charge Scheduling Coordinators for the MWh quantity of Demand scheduled at an individual LAP in the Day-Ahead Schedule, in an amount equal to the IFM LMP for the applicable LAP multiplied by the MWh quantity scheduled in the Day-Ahead Schedule at the relevant LAP. For resources that have been impacted by price corrections as specified in Section 11.3, the IFM LMP will be the Price Correction Derived LMP.

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11.2.1.4   IFM Charges for Energy Exports at Scheduling Points.

For each Settlement Period that the CAISO clears Energy transactions in the IFM, the CAISO shall charge Scheduling Coordinators for the Energy export MWh quantity at individual Scheduling Points scheduled in the Day-Ahead Schedule, an amount equal to the IFM LMP for the applicable Scheduling Point multiplied by the MWh quantity at the individual Scheduling Point scheduled in the Day-Ahead Schedule. For resources that have been impacted by Price Corrections as specified in Section 11.3, the IFM LMP will be the Price Correction Derived LMP.

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11.3   [NOT USED]Make Whole Payments for Price Corrections

11.3.1   CAISO Demand and Exports

If the CAISO corrects an LMP pursuant to Section 35 that impacts Demand in the Day-Ahead Market and the HASP such that the market clearing LMPprice is adjustedcorrected upward and either a portion of or the entire cleared CAISO Demand or Export Bid curve becomes uneconomic, then the CAISO will calculate and apply the resource specific Price Correction Deerived LMP for settlement of CAISO Demand and Exports for the affected resource in Section 11.2.1.2_ and 11.2.1.4. Make whole payments for price corrections do not apply when the LMP is corrected downward. - The CAISO will calculate a

Price Correction Derived LMP for each affected resource as follows: the total cleared MWhs of CAISO Demand or Export 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 resource's CAISO Demand or Export Bid curve and the corrected ~~price~~LMP, which is calculated as the MWhs of each cleared bid segment ~~cleared~~ in the Day-Ahead Schedule or HASP Intertie Schedule for the affected resource, multiplied by ~~the~~the -maximum of zero or the corrected ~~price~~LMP minus ~~minus~~ the bid segment price.

SCE recommends the ISO use consistent terminology when talking about original LMP, corrected LMP, and the Price Correction Derived LMP. The current language uses LMP and market clearing price interchangeably to mean, in our mind, the original LMP.   The language also uses the terms corrected and adjusted to mean the same thing. Lastly, the language uses the term derived (lower case) in reference to the Price Correction Derived LMP price.

SCE recommends the ISO include language that indicates that this section only applies to LMP's that are corrected upward and not downward.

SCE also recommends the ISO modify the wording of the last sentence in section 11.3.1 to be consistent with the formula included in the final proposal and the mathematical order of operations.

     Bid Segment MW * (Max(0, corrected price – bid segment price))

  The language as written could be interpreted to say that the calculation multiplies the cleared MWh quantity of the entire schedule and the maximum of zero or the corrected LMP price together, and then subtracts from that resultant value the segment bid price. This interpretation is incorrect, as the intent of the calculation is to multiply the MWh quantity of each cleared bid segment by the difference between the

corrected LMP and the bid segment price. Where the difference between the corrected LMP and the bid segment price can not result in a value less than zero.

11.3.2   [NOT USED]

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11.4.1   HASP Settlement for Exports.

For each Settlement Period that the CAISO clears Energy transactions at Scheduling Points in HASP, the Settlement for such transactions will be the CAISO HASP Intertie LMP multiplied by the MWh quantity of export scheduled at the individual Scheduling Point in excess of or less than the Day-Ahead Schedule, respectively. For resources that have been impacted by price corrections as specified in Section 11.3, the HASP Intertie LMP will be the Price Correction Derived LMP.

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Appendix A
Master Definition Supplement
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Price Correction Derived LMP	The applicable settlement LMP calculated pursuant to Section 11.3 for resources impacted by price corrections.

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