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35. **Market Validation and Price Correction**

35.1 **Market Validation**

The CAISO shall monitor the Market Clearing software solutions for the Day-Ahead Market, the RUC process, and the Real-Time Market for all market intervals to determine whether prices are calculated accurately, consistent with the provisions of the CAISO Tariff. To the extent reasonably practicable, the CAISO shall correct erroneous prices identified through such monitoring and re-run the relevant CAISO Markets prior to publication of prices on its Open Access Same-Time Information System (OASIS) or provision of prices directly to Market Participants, if applicable.

35.2 **Timing of Price Correction Process**

All prices for each Trading Day shall become subject to the CAISO’s price correction process once the CAISO publishes them on its OASIS or provides them directly to Market Participants, if applicable. The price correction process consists of the process in which the CAISO verifies, determines the corrections it will make, conducts the correction, and posts the corrected process. For Day-Ahead Market prices, the price correction process for each Trading Day shall end no later than the end of the third Business Day following the Trading Day to which the Day-Ahead Market applies. For the Real-Time Market prices, the price correction process for each Trading Day shall end no later than the end of the fifth Business Day following that Trading Day. After these timelines have elapsed, the posted prices are final and used for Settlement purposes unless the CAISO must modify published prices for the reasons specified in Section 35.3. The CAISO shall provide notification on the CAISO Website or its OASIS, when it has reasonable grounds to believe that it may have to change published prices for reasons stated in Section 35.3.

35.3 **Finality of Prices Subject to the Price Correction Process**

All prices are provisional until the CAISO has completed the price correction process for each CAISO Market within the timeframe specified in Section 35.2. After the timelines specified in Section 35.2, the CAISO will not modify published prices except for the reasons specified in this Section 35.3.

35.3.1 **Price Corrections and Changes Pursuant to FERC Orders**

The CAISO will correct prices and further modify published prices after the timelines specified in Section 35.2, if so directed by the Federal Energy Regulatory Commission.
35.3.2 Processing and Publication Issues

The CAISO may make changes to published prices after the expiration of the timelines specified in Section 35.2 to remedy a price correction processing or publication issue, which consist of the types of issues further defined in this Section 35.3.2. The CAISO shall make any such changes within twenty (20) Business Days of the affected Trading Day. After the expiration of the applicable twenty (20) Business Days, in the event of a discrepancy between prices posted on the CAISO’s OASIS and prices provided to Scheduling Coordinators through other means, the CAISO will use the price posted on OASIS for Settlement purposes unless as specified in Section 35.3.1. The CAISO will only remedy processing and publication pursuant to this section for cases in which the CAISO has actually identified and logged in its systems the need for a price correction for specific CAISO Markets intervals within the timeframe specified in Section 35.2, but cannot complete the price correction and post the corrected prices within that timeframe for the specific reasons described below. To the extent the CAISO is aware of a processing or publication issue prior to the expiration of the timeframe specified in 35.2, the CAISO will issue a public notification of the affected intervals, and the time at which it expects to remedy the issue, as soon as practicable. To the extent the CAISO only becomes aware of the issue after the expiration of the timeframe specified in Section 35.2, the CAISO will issue a public notification with this same information, as soon as practicable. For purposes of the requirements in this Section 35.3, processing or publication issues shall consist of:

a) **Volumetric processing issue:** The CAISO cannot complete the corrections and post the corrected prices within the timeframes specified in Section 35.2 because the price correction affects a large number of market intervals.

b) **Hardware or software issues:** A software or hardware issue that impeded the CAISO from processing price corrections or publishing the corrected prices by the end of the timeframes specified in Section 35.2.

c) **Business process issues:** A limitation, failure or error in implementing an established and identifiable business process that causes the publication of an incorrect price that is either corrected erroneously, or left uncorrected within the timeframes specified in Section 35.2.
d) **Complex manual corrections:** The CAISO has identified and logged into its systems within the timeframe specified in Section 35.2 the need for price corrections that require specifically tailored methodologies to implement the correction because of the complexity of the issue, which in some cases may span across the CAISO Markets, and implementing this price corrections will require the publication of corrected prices beyond the timeframe specified in Section 35.2.

35.4 **Scope of Price Corrections**

The CAISO may correct all financially binding prices, including all prices released pursuant to Section 6, whenever the CAISO identifies an invalid market solution or invalid prices in an otherwise valid market solution. The circumstances in which the CAISO may determine that an invalid market solution or invalid prices exist include the following: the occurrence of data input failure; the occurrence of hardware or software failure; or a result that is inconsistent with the CAISO Tariff. The reposting of prices to remedy processing or publication issue as discussed in Section 35.3 does not constitute a price correction.

35.5 **Price Correction Methodology**

The CAISO shall correct prices to conform with the relevant provisions of the CAISO Tariff to the extent such correction is practicable. To the extent such correction is not practicable, the CAISO shall correct prices so that they are as close as reasonably possible to the prices that should have resulted under the relevant provisions of the CAISO Tariff, using the most accurate data available, and in a manner that is consistent with the prevalent system conditions existing at that time. The CAISO shall correct prices using the first applicable and practicable correction method of the following:

(a) The CAISO shall selectively recalculate incorrect financially binding prices when the invalid prices are isolated and can be corrected such that no other financially binding prices are affected by the correction.

(b) If the correction method in Section 35.5(a) is not applicable and practicable, the CAISO shall recalculate prices for the invalidated market interval when all market inputs applicable to the market interval to be recalculated are either (i) preserved from the original market run, for data that was not the cause of the invalidated price, (ii) corrected, in the case of invalid initial data in the initial Market Clearing, or (iii) recreated or
replicated data using the best available alternate data sources, in the case of missing data in the initial Market Clearing.

(c) If the correction methods in Sections 35.5(a) and 35.5(b) are not applicable and practicable, the CAISO shall use, in place of prices for the binding interval of an invalidated market solution, replicated prices from binding or advisory intervals from the validated market solution in which the market conditions were most similar to the market conditions in the invalidated market solution, for the affected interval. In no case will an invalidated Day-Ahead Market solution be replaced with a valid Day-Ahead Market solution from a previous Trading Day. The method set forth in this Section 35.5(c) shall apply in the Day-Ahead Market only when some but not all hourly market intervals within a valid market run are deemed to be invalid and prices are not recalculated pursuant to the method set forth in Section 35.5(b), above.

The CAISO shall include details concerning the CAISO’s price correction methodology in the applicable Business Practice Manual.

35.6 Price Correction Report

The CAISO shall summarize all price corrections that occur for each trade day in a report that shall be posted to the public. The report shall be posted by the Saturday of the week after the week in which the CAISO processed the price correction. For all price corrections that occur during the period covered by the report, the price correction report shall specify: (a) the market intervals affected, (b) the price locations affected, (c) a brief description of the reason for the price correction, and (d) the method of price corrective action undertaken. In the event the CAISO fails to post this report, the CAISO will endeavor to post the report within six months of the affected calendar week, after which the failed report will no longer be issued.