

California Independent System Operator Corporation
Fifth Replacement Electronic Tariff

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7. System Operations Under Normal and Emergency Conditions

7.1 CAISO Control Center Operations

7.1.1 Maintain CAISO Control Center

The CAISO shall maintain a WECC approved Balancing Authority Area and Primary CAISO Control Center to direct the operation of all facilities forming part of the CAISO Controlled Grid, including Reliability Must-Run Units, System Resources, and Generating Units providing Ancillary Services.

7.1.2 Maintain Back-Up Control Facility

The CAISO shall maintain back-up control facilities remote from the Primary CAISO Control Center sufficient to enable the CAISO to continue to direct the operation of the CAISO Controlled Grid, Reliability Must-Run Units, System Resources and Generating Units providing Ancillary Services in the event of the Primary CAISO Control Center becoming inoperable. The CAISO may delegate responsibilities to the Backup Control Center in which case the Primary CAISO Control Center shall serve as the back-up control facility for those responsibilities.

7.1.3 CAISO Control Center Authorities

The CAISO shall have full authority, subject to this CAISO Tariff, to direct the operation of the facilities referred to in Section 7.1.1 and 7.1.2 including (without limitation), to:

- (a) direct the physical operation by the Participating TOs of transmission facilities under the Operational Control of the CAISO, including (without limitation) circuit breakers, switches, voltage control equipment, protective relays, metering, and Load Shedding equipment;
- (b) commit and dispatch Reliability Must-Run Units, except that the CAISO shall only commit Reliability Must-Run Generation for Ancillary Services capacity according to Section 41;
- (c) order a change in operating status of auxiliary equipment required to control voltage or frequency;
- (d) take any action it considers to be necessary consistent with Good Utility Practice to protect against uncontrolled losses of Load or Generation and/or equipment damage resulting from unforeseen occurrences;
- (e) control the output of Generating Units, Interconnection schedules, and System Resources that are selected to provide Ancillary Services or Energy;

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- (f) Dispatch Curtailable Demand and Demand Response Services which have been scheduled to provide Non-Spinning Reserve or Energy from Participating Loads or Proxy Demand Resources or which have been scheduled to provide Energy from Reliability Demand Response Resources or which have been scheduled to provide Energy from Reliability Demand Response Resources;
- (g) procure Energy for a threatened or imminent System Emergency;
- (h) require the operation of resources which are at the CAISO's disposal in a System Emergency, as described in Section 7.7;
- (i) exercise Operational Control of all transmission lines greater than 230kV and associated equipment on the CAISO Controlled Grid;
- (j) exercise Operation Control of all Interconnections; and
- (k) exercise Operational Control of all 230kV and lower voltage transmission lines and associated station equipment identified in the CAISO Register as that portion of the CAISO Controlled Grid.

The CAISO will exercise its authority under this Section 7.1.3 by issuing Dispatch Instructions to the relevant Market Participants using the relevant communications method described in this CAISO Tariff.

7.2 Operating Reliability Criteria

The CAISO shall exercise Operational Control over the CAISO Controlled Grid in compliance with all Applicable Reliability Criteria and Operating Procedures. The North American Electric Reliability Corporation's (NERC) Qualified Path Unscheduled Flow Relief for the Western Electricity Coordinating Council (WECC), Reliability Standard WECC-IRO-STD-006-0 filed by NERC in FERC Docket No. RR07-11-000 on March 26, 2007, and approved by FERC on June 8, 2007, and any amendments thereto, are hereby incorporated and made part of this CAISO Tariff. See www.nerc.com for the current version of the NERC's Qualified Path Unscheduled Flow Relief Procedures for WECC.

7.3 Transmission Planning Authority

7.3.1 Criteria for CAISO's Operational Control

The CAISO shall exercise Operational Control over the CAISO Controlled Grid to meet planning and Operating Reserve criteria no less stringent than those established by WECC and NERC as those

standards may be modified from time to time, and Local Reliability Criteria that are in existence on the CAISO Operations Date and have been submitted to the CAISO by each Participating TO pursuant to Section 2.2.1(v) of the TCA. All Market Participants and the CAISO shall comply with the CAISO Reliability Criteria, standards, and procedures.

7.3.2 Planning Guidelines; Revision of Local Reliability Criteria

The CAISO Governing Board may establish planning guidelines more stringent than those established by NERC and WECC as needed for the secure and reliable operation of the CAISO Controlled Grid. The CAISO may revise the Local Reliability Criteria subject to and in accordance with Section 5 of the TCA.

7.3.3 NAESB Standards

The following standards of the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB) are incorporated by reference, except to the extent FERC has granted waiver of such NAESB WEQ standards:

- WEQ-000, Abbreviations, Acronyms, and Definition of Terms, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012, Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-001, Open Access Same-Time Information System (OASIS), OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) excluding Standards 001-9.5, 001-10.5, 001-14.1.3, 001-15.1.2 and 001-106.2.5, and exclusively as to Standards 001-13.1.1, 001-13.1.4, 001-13.1.5, and 001-16;
- WEQ-002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-003, Open Access Same-Time Information System (OASIS) Data Dictionary Business Practice Standards, OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);

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- WEQ-004, Coordinate Interchange, WEQ Version 003, July 31, 2012 (with Final Action ratified on December 28, 2012);
- WEQ-005, Area Control Error (ACE) Equation Special Cases, WEQ Version 003, July 31, 2012;
- WEQ-006, Manual Time Error Correction, WEQ Version 003, July 31, 2012;
- WEQ-007, Inadvertent Interchange Payback, WEQ Version 003, July 31, 2012;
- WEQ-008, Transmission Loading Relief (TLR) – Eastern Interconnection, WEQ Version 003, July 31, 2012 (with minor corrections applied November 28, 2012);
- WEQ-011, Gas / Electric Coordination, WEQ Version 003, July 31, 2012;
- WEQ-012, Public Key Infrastructure (PKI), WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012);
- WEQ-013, Open Access Same-Time Information System (OASIS) Implementation Guide, OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response, WEQ Version 003, July 31, 2012; and
- WEQ-021, Measurement and Verification of Energy Efficiency Products, WEQ Version 003, July 31, 2012.

Pursuant to FERC's Order on Requests for Waiver, Docket No. ER15-531-000 (May 18, 2015), 151

FERC ¶ 61,151, the CAISO has been granted a waiver of the following NAESB WEQ standards:

- WEQ-001, Open Access Same-Time Information System (OASIS), OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013) excluding Standards 001-9.5, 001-10.5, 001-14.1.3, 001-15.1.2 and 001-106.2.5, and except as set forth above;
- WEQ-002, Open Access Same-Time Information System (OASIS) Business Practice Standards and Communication Protocols (S&CP), OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Nov. 28, 2012 and Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);

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- WEQ-003, Open Access Same-Time Information System (OASIS) Data Dictionary Business Practice Standards, OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013);
- WEQ-012, Public Key Infrastructure (PKI), WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Oct. 4, 2012) to the extent it applies to OASIS applications; and
- WEQ-013, Open Access Same-Time Information System (OASIS) Implementation Guide, OASIS Version 2.0, WEQ Version 003, July 31, 2012, as modified by NAESB final actions ratified on Dec. 28, 2012 (with minor corrections applied Nov. 26, 2013).

7.4 General Standard of Care

When the CAISO is exercising Operational Control of the CAISO Controlled Grid, the CAISO and Market Participants shall comply with Good Utility Practice.

7.5 Routine Operation of the CAISO Controlled Grid

The CAISO shall operate the CAISO Controlled Grid in accordance with the standards described in Section 7.2 and within the limit of all applicable Nomograms and established operating limits and procedures.

7.5.1 CAISO Controlled Facilities

7.5.1.1 General

The CAISO shall have Operational Control of all transmission lines and associated station equipment that have been transferred to the CAISO Controlled Grid from the Participating TOs as listed in the CAISO Register.

7.5.2 Clearing Equipment for Work

The clearance procedures of the CAISO and the relevant UDC and Participating TO must be adhered to by all parties, to ensure the safety of all personnel working on CAISO Controlled Grid transmission lines and equipment. In accordance with Section 9.3, no work shall start on any equipment or line which is under the Operational Control of the CAISO unless final approval has first been obtained from the appropriate CAISO Control Center. Prior to starting the switching to return any line or equipment to

service the CAISO shall confirm that all formal requests to work on the cleared line or equipment have been released.

7.5.3 Equipment De-Energized for Work

In some circumstances, System Reliability requirements may require a recall capability that can only be achieved by allowing work to proceed with the line or equipment de-energized only (i.e. not cleared and grounded). Any personnel working on such de-energized lines and equipment must take all precautions as if the line or equipment were energized. Prior to energizing any such lines or equipment de-energized for work, the CAISO shall confirm that all formal requests to work on the de-energized line or equipment have been released.

7.5.4 Hot-Line Work

The CAISO has full authority to approve requests by Participating TOs to work on energized equipment under the Operational Control of the CAISO, and no such work shall be commenced until the CAISO has given its approval.

7.5.5 Intertie Switching

The CAISO and the appropriate single point of contact for the relevant Participating TO and the adjacent Balancing Authority Area shall coordinate during the de-energizing or energizing of any Interconnection.

7.5.6 Operating Voltage Control Equipment

7.5.6.1 Operating Voltage Control Equipment Under CAISO Control

The CAISO and the appropriate single point of contact for the relevant Participating TO and the adjacent Balancing Authority Area shall coordinate during the de-energizing or energizing of any Interconnection.

7.5.6.2 Operating Voltage Control Equipment Under CAISO Control

Each UDC must operate voltage control equipment under UDC control in accordance with existing UDC voltage control guidelines.

7.5.6.3 Special CAISO Voltage Control Requirements

The CAISO may request a Participating TO via its single point of contact or a UDC via its single point of contact to operate under special voltage control requirements from time to time due to special system conditions.

7.6 Normal System Operations

7.6.1 Actions for Maintaining Reliability of CAISO Controlled Grid

The CAISO shall obtain the control over Generating Units that it needs to control the CAISO Controlled Grid and maintain reliability by ensuring that sufficient Energy and Ancillary Services are procured through the CAISO Markets. When the CAISO responds to events or circumstances, it shall first use the generation control it is able to obtain from the Energy and Ancillary Services Bids it has received to respond to the operating event and maintain reliability. Only when the CAISO has used the Energy and Ancillary Services that are available to it under such Energy and Ancillary Services Bids which prove to be effective in responding to the problem and the CAISO is still in need of additional control over Generating Units, shall the CAISO assume supervisory control over other Generating Units. It is expected that at this point, the operational circumstances will be so severe that a Real-Time system problem or emergency condition could be in existence or imminent.

Each Participating Generator shall take, at the direction of the CAISO, such actions affecting such Generator as the CAISO determines to be necessary to maintain the reliability of the CAISO Controlled Grid. Such actions shall include (but are not limited to):

- (a) compliance with Dispatch Instructions including instructions to deliver Energy and Ancillary Services in Real-Time pursuant to the AS Awards, Day-Ahead Schedules and FMM Schedules, and FMM AS Awards;
- (b) compliance with the system operation requirements set out in this Section 7;
- (c) notification to the CAISO of the persons to whom an instruction of the CAISO should be directed on a 24-hour basis, including their telephone and facsimile numbers; and
- (d) the provision of communications, telemetry and direct control requirements, including the establishment of a direct communication link from the control room of the Generator to the CAISO in a manner that ensures that the CAISO will have the ability, consistent with this CAISO Tariff, to direct the operations of the Generator as necessary to maintain the reliability of the CAISO Controlled Grid, except that a Participating Generator will be exempt from CAISO requirements imposed in accordance with this subsection (d) with regard to any Generating Unit with a rated capacity of less than ten (10) MW, unless that

Generating Unit is certified by the CAISO to provide Ancillary Services.

7.7 Management of Abnormal System Conditions

7.7.1 CAISO Actions in Imminent or Actual System Emergency

- (a) **Declaration of System Emergency.** When, in the judgment of the CAISO, a System Emergency has occurred or is imminent, the CAISO will declare a System Emergency and issue an Emergency Notice to that effect, setting forth the actions that the CAISO is taking to address the System Emergency.
- (b) **Subsequent Notices Regarding System Emergency.** Each time that the CAISO initiates any of the actions in Section 7.7.1(c) in response to a System Emergency, and at such time that the CAISO terminates any such action or resolves the System Emergency, the CAISO will issue a subsequent Emergency Notice setting forth the action or determination.
- (c) **Actions in Response to System Emergency.** In response to a System Emergency, the CAISO may take any or all of the following actions as necessary to preserve or restore reliable, safe, and efficient service as quickly as reasonably practicable:
- (1) suspend the CAISO Markets and apply an Administrative Price in accordance with Section 7.7.3;
 - (2) authorize full use of Black Start Generating Units;
 - (3) initiate full control of manual Load Shedding, in accordance with Section 7.7.3(c);
 - (4) authorize the curtailment of Curtailable Demand (even though not scheduled as an Ancillary Service) in accordance with Section 7.7.3(c); and
 - (5) take such other action that it considers necessary to preserve or restore stable operation of the CAISO Controlled Grid, to the extent such actions are consistent with Good Utility Practice and Applicable Reliability Criteria and not inconsistent with the CAISO Tariff.
- (d) **Termination of System Emergency.** The CAISO will terminate the System Emergency and suspend the actions taken in response to the System Emergency when it determines, after conferring, as necessary, with Reliability Coordinators within the WECC, that the major factors contributing to the System Emergency have been corrected, and all involuntarily interrupted Demand is back in service (except interrupted Curtailable Demand selected as an Ancillary

Service).

- (e) **Coordination with Neighboring Balancing Authority Areas.** The CAISO shall keep system operators in adjacent Balancing Authority Areas informed, as necessary, as to the nature and extent of the System Emergency in accordance with WECC procedures.
- (f) **Emergency Guidelines.** The CAISO shall issue guidelines for all Market Participants to follow during a System Emergency consistent with the responsibilities set forth in Section 7.7.2 and in applicable Operating Procedures.

7.7.2 Market Participant Responsibilities in System Emergencies.

- (a) **Response to CAISO Dispatch Instructions.** All Market Participants shall respond immediately to CAISO Dispatch Instructions during System Emergencies.
- (b) **Responsibilities of UDCs and MSS Operators During a System Emergency**
 - (1) **Compliance with Directions and Procedures.** In the event of a System Emergency, UDCs and MSS Operators shall comply with all directions from the CAISO concerning the avoidance, management, and alleviation of the System Emergency and shall comply with all procedures concerning System Emergencies set forth in this CAISO Tariff, the Business Practice Manuals, and the Operating Procedures. and shall comply with all procedures concerning System Emergencies set forth in the CAISO Tariff, Business Practice Manuals and Operating Procedures.
 - (2) **Communications.** During a System Emergency, the CAISO shall communicate with the UDCs and MSS Operators through their respective control centers and in accordance with procedures established in individual UDC and MSS Operating Agreements.
 - (3) **Notifications of End-Use Customers.** Each UDC and MSS Operator will notify its End-Use Customers connected to the UDC's or the MSS's Distribution System of any voluntary curtailments notified to the UDC or to the MSS Operator by the CAISO pursuant to the provisions of the Electrical Emergency Plan.
- (c) **Responsibilities of Generating Units, System Units and System Resources During**

System Emergencies

- (1) **In General.** All Generating Units and System Units that are owned or controlled by a Participating Generator are (without limitation to the CAISO's other rights under this CAISO Tariff) subject to control by the CAISO during a System Emergency and the CAISO shall have the authority to instruct a Participating Generator to bring its Generating Unit on-line or off-line or to increase or curtail the output of the Generating Unit and to alter scheduled deliveries of Energy and Ancillary Services into or out of the CAISO Controlled Grid, if such an instruction is reasonably necessary to prevent an imminent or threatened System Emergency or to retain Operational Control over the CAISO Controlled Grid during an actual System Emergency.
- (2) **Prerequisite for Dispatch Instructions.** The CAISO shall, where reasonably practicable, use Ancillary Services which it has the contractual right to instruct and which are capable of contributing to containing or correcting the actual, imminent, or threatened System Emergency prior to issuing instructions to a Participating Generator under this subsection, except that the CAISO need not take such action if it determines such action is unlikely to be effective.
- (3) **RMR Condition 2 Units.**

 - (A) **Prerequisite for Dispatch Instructions.** The CAISO shall only instruct an RMR Unit whose owner has selected Condition 2 of its RMR Contract to start-up and change its output if the CAISO has reasonably used all other available and effective resources to prevent a threatened System Emergency without declaring that a System Emergency exists.
 - (B) **Compensation.** If the CAISO dispatches a Condition 2 RMR Unit pursuant to subparagraph (A), it shall compensate that unit in accordance with Section 11.5.6.3 and allocate the costs in accordance with Section 11.5.6.3.2.
- (4) **Qualifying Facilities.** A Scheduling Coordinator that represents a QF subject to

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an Existing QF Contract that is not subject to a PGA or Net Scheduled PGA will make reasonable efforts to require such QFs to comply with the CAISO's instructions during a System Emergency without penalty for failure to do so.

7.7.3 Suspension of CAISO Markets and Application of Administrative Price.

- (a) **In General.** In the absence of a Market Disruption, the CAISO may suspend the CAISO Markets and apply Administrative Prices as provided in Section 7.7.9, if the CAISO determines that such suspension is necessary in order to prevent, contain, or correct a System Emergency in accordance with this Section 7.7.3.
- (b) **Suspension of DAM.**
- (1) **Condition for Suspension.** The CAISO will not suspend the operation of the Day-Ahead Market to manage a System Emergency unless there has been a total or major collapse of all or part of the CAISO Controlled Grid and the CAISO is in the process of restoring it or if the CAISO anticipates that it will not publish DAM results for any reason.
- (2) **Notification.** In the event the CAISO determines it may suspend the DAM, it will notify Market Participants as set forth in Section 7.7.9(b)(2).
- (c) **Suspension of RTM.** Before suspending the RTM to prevent or manage a System Emergency, the CAISO may take any or all of the following actions that it deems effective to mitigate the System Emergency –
- (1) dispatch all reasonably effective Supply Bids offered or available to it regardless of price (including all Energy Bids and Ancillary Services Bids);
 - (2) subject to Section 3, notify the UDCs when the conditions to implement their existing Load curtailment programs have been met in accordance with their terms;
 - (3) dispatch or curtail all price-responsive Demand that has been bid into the Day-Ahead Market and exercise its rights under all Load curtailment contracts available to it;
 - (4) at its discretion, require direct control over Curtailable Demand;

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- (5) dispatch all interruptible Loads made available by UDCs to the CAISO in accordance with the relevant agreements with UDCs; or
 - (6) direct a UDC or an MSS Operator to disconnect load from the CAISO Controlled Grid in accordance with the prioritization schedule developed pursuant to Section 7.7.4(b), and exercise Load Shedding to curtail Demand on an involuntary basis, to the extent that the CAISO considers necessary or as instructed by the Reliability Coordinator.
- (d)** If a Load curtailment is required to manage System Emergencies, the CAISO will determine the amount and location of Load to be reduced and to the extent practicable, will allocate a portion to each UDC or MSS Operator based on the ratio of its Demand (at the time of the Balancing Authority Area annual peak for the previous year) to total Balancing Authority Area annual peak Demand for the previous year taking into account system considerations and the UDC's or MSS Operator's curtailment rights under their tariffs. Each UDC or MSS Operator shall be responsible for notifying its customers and Generators connected to its system of curtailments and service interruption.
- (e) Termination of Market Suspension.** The suspension will cease as soon as conditions allow.

7.7.4 Preparatory Actions for a System Emergency

- (a) Periodic Tests of Emergency Procedures.** The CAISO shall develop and administer periodic tests of System Emergency procedures designed to ensure that the CAISO Market Participants are capable of promptly and efficiently responding to imminent or actual System Emergencies.
- (b) Prioritization Schedule for Shedding And Restoring Load.** On an annual basis, the CAISO will, in collaboration with UDCs and MSSs and subject to the provisions of Section 3, develop a prioritization schedule for Load Shedding should a System Emergency require such action, which shall also establish a sequence for the restoration of Load in the event that multiple UDCs or MSSs are affected by service interruptions and Load must be restored in blocks.

7.7.5 Actions Subsequent to a System Emergency

- (a) **Review of Major Outages.** The CAISO, with the cooperation of any affected UDC, shall jointly perform a review following a major Outage that affects at least ten (10) percent of the Load served by the Distribution System of a UDC or any Outage that results in major damage to the CAISO Controlled Grid or to the health and safety of personnel, which shall address the cause of the Outage, the response time and effectiveness of emergency management efforts, and whether the operation, maintenance, or scheduling practices of the CAISO, any Participating TOs, Participating Generators, Eligible Customers, or UDCs enhanced or undermined the ability of the CAISO to maintain or restore service efficiently and in a timely manner.
- (b) **Report.** The CAISO shall prepare a report on all major outages described in subsection (a) and shall share the report with Participating TOs, Participating Generators, Eligible Customers, and UDCs.
- (c) **Provision of Information and Opportunity to Comment.** The CAISO shall seek the views of any Participating TOs, Participating Generators, Eligible Customers, UDCs, and Scheduling Coordinators affected by a System Emergency in the preparation of a report under subsection (b), and such affected entities shall promptly provide information requested by the CAISO. The CAISO shall give such affected entities an opportunity to comment on any issues arising during the preparation of the report.

7.7.6 System Operations in the Event of a Market Disruption

- (a) **Actions in the Event of a Market Disruption, to Prevent a Market Disruption, or to Minimize the Extent of a Market Disruption.** The CAISO may take one or more of the following actions in the event of a Market Disruption, to prevent a Market Disruption, or to minimize the extent of a Market Disruption:
 - (1) postpone the closure of the applicable CAISO Market;
 - (2) remove Bids, including Self-Schedules, that have resulted in a Market Disruption previously, pursuant to Section 7.7.7;
 - (3) suspend the applicable CAISO Market and manually copy Bids, including Self-

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Schedules, from the previous day or other applicable market period;

- (4) suspend the applicable CAISO Market and use submitted Bids, including Self-Schedules, to the extent possible;
- (5) suspend the applicable CAISO Market, in which case import/export schedules shall be determined by submittal of E-Tags;
- (6) suspend the applicable CAISO Market and apply Administrative Prices established pursuant to Section 7.7.9;
- (7) utilize Exceptional Dispatch and issue Operating Instructions for resources to be committed and dispatched to meet Demand;
- (8) suspend or limit the ability of all Scheduling Coordinators to submit Virtual Bids on behalf of Convergence Bidding Entities at specific Eligible PNodes or Eligible Aggregated PNodes, or at all Eligible PNodes or Eligible Aggregated PNodes;
- (9) postpone the publication of DAM market results.

(b) Choices of Action to Prevent a Market Disruption, in the Event of a Market

Disruption, or to Minimize the Extent of a Market Disruption. The CAISO's choice of action in the event of a Market Disruption shall depend on the CAISO Market that is disrupted, the cause of the Market Disruption, the expected time to resolve the Market Disruption, and the status of submitted Bids and Self-Schedules at the time the Market Disruption occurs.

(c) Notification. In the event the CAISO may not publish DAM results, it will notify Market Participants as set forth in Section 7.7.9(b)(2).

(d) Reports. The CAISO shall include reports on actions taken pursuant to this Section 7.7.6 in the Exceptional Dispatch report provided in Section 34.11.4 of the CAISO Tariff and shall include –

- (1) the frequency and types of actions taken by the CAISO pursuant to this Section 7.7.6;
- (2) the nature of the specific Market Disruptions that caused the CAISO to take action and the CAISO rationale for taking such actions, or the Market Disruption

that was successfully prevented or minimized by the CAISO as a result of taking action pursuant to its authority under this Section 7.7.6; and

- (3) general information on the Bids removed pursuant to Section 7.7.7, which may include the megawatt quantity, point of interconnection, specification of the Day-Ahead versus Real-Time Bid, and Energy or Ancillary Services Bid, and the CAISO's rationale for removal; except that any Scheduling Coordinator-specific individual Bid information will be submitted on a confidential basis consistent with FERC's rules and regulations governing requests for confidential treatment of commercially sensitive information.

7.7.7 Removal of Bids in the Event of a Market Disruption, to Prevent a Market Disruption, or to Minimize the Extent of a Market Disruption

- (a) Types of Bids.** The types of Bids that the CAISO may remove are Bids that are not feasible based on the misalignment of resource-specific conditions and physical constraints represented in the Master File, current outage information, and the Bid itself.
- (b) Removal of a Portion of a Bid.** The CAISO may remove part of a Bid, but retain other parts of the Bid for the applicable CAISO Market run and interval for the same or a different product, and may retain parts of the Bid for subsequent CAISO Market runs or intervals.
- (c) Removal of a Bid Pursuant to Section 7.7.6(a)(2).** If a particular Energy or Ancillary Service Bid must be removed pursuant to Section 7.7.6(a)(2), the CAISO will remove the entire Bid for that particular service and market.
- (d) Resubmittal of Bids.** The Scheduling Coordinator may resubmit removed Bids in subsequent CAISO Markets, provided the Scheduling Coordinator complies with any operator instructions regarding the subject Bids.
- (e) RUC Bids.** In the event the CAISO removes a Bid from an IFM run, the RUC Availability Bid associated with the removed IFM Bid may still be accepted for the corresponding RUC run, unless the CAISO determines that the RUC Availability Bid is the cause of the disruption.

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- (f) **RTM Bids.** If the CAISO removes a Bid in the advisory RTUC or RTD runs during the Real-Time Market, the CAISO may still use the removed Bid in the binding runs of the Real-Time Market for the same interval if the problems previously experienced with the Bid do not arise.
- (g) **Energy Component of Ancillary Services Bids.** If the CAISO removes an Ancillary Services Bid submitted to the Real-Time Market, the CAISO may retain the associated Energy Bid for that CAISO Market run.
- (h) **Settlement Consequences of Removal of Bids**
- (1) **Day-Ahead Market.** In the event that a Bid is removed from the Day-Ahead Market, the Scheduling Coordinator whose Bid is removed will not be subject to Settlement for the Day-Ahead Market for the affected service.
- (2) **Ancillary Services.** In the case of Ancillary Services Bids, including Submissions to Self-Provide an Ancillary Service, that are removed from the Day-Ahead Market, the Scheduling Coordinator will not receive Settlement for the Ancillary Services in the Day-Ahead Market and will not receive an opportunity cost payment in the Day-Ahead Market for the offered service.
- (3) **Exceptional Dispatch.** In the event that a Bid is removed from a CAISO Market run or interval, the CAISO may subsequently be required to issue an Exceptional Dispatch for the resource, in which case the Scheduling Coordinator will receive Exceptional Dispatch Settlement as provided in Section 11.5.6.
- (4) **Demand Bids.** In the event that a Demand Bid is removed from the Day-Ahead Market, because no Demand Bids for load can be submitted in the Real-Time Market, Scheduling Coordinators for the load not cleared in the Day-Ahead Market will be settled as Uninstructed Imbalance Energy as provided in Section 11.5.2.
- (i) **Reporting to Affected Scheduling Coordinators.** To the extent practicable, the CAISO will contact a Scheduling Coordinator's representative before removing a Bid and advise the representative of the issues encountered with the Bid as soon as practicable, but no

later than three (3) Business Days, after the applicable Bid was removed and will provide information specifying when its Bid was removed and the nature of the disruption.

7.7.8 Under Frequency Load Shedding (UFLS).

Each UDC's UDCOA with the CAISO and each MSS Agreement through which the MSS Operator agrees to comply with the provisions of the CAISO Tariff shall describe the UFLS program for that UDC or for that MSS.

7.7.9 Application of Administration Prices and Use of Prior Market Results

(a) In General. To manage an imminent or actual System Emergency or to prevent, manage, or minimize the extent of a Market Disruption, the CAISO will apply prior market results in accordance with this Section 7.7.9.

(b) Day-Ahead Market.

(1) Market Results. In the case of a suspension of the Day-Ahead Market –

(A) the CAISO shall use the Day-Ahead Market market results (except for Virtual Awards), as applicable, from the previous day for the Day-Ahead Market if the CAISO determines, based on expected system conditions, that using such market results will provide a reasonable profile of Schedules to meet the needs of the Real-Time;

(B) if the CAISO determines, based on expected system conditions, that using the Day-Ahead Market market results described in Section 7.7.9(b)(1)(A) will not reasonably meet the needs of the Real-Time, the CAISO may rely solely on the use of Exceptional Dispatch and other manual instructions and on the Real-Time Market market results, as applicable for pricing and Settlement purposes, except that notwithstanding Section 11.2., Congestion Revenue Rights will be settled using the hourly average of the 15-minute FMM prices for each hour of the Real-Time Market.

(2) Notification. In the event the CAISO has not published the Day-Ahead Market market results or determines it may suspend the Day-Ahead Market, it will notify

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Market Participants by 6:00 p.m., indicating whether the CAISO anticipates it will

–

- (i) publish the Day-Ahead Market market results, and if so, when;
- (ii) use the previous day's Day-Ahead Market market results pursuant to Section 7.7.9(b)(1)(A); or
- (iii) rely on the use of Exceptional Dispatch and other manual instructions and on the Real-Time Market market results pursuant to Section 7.7.9(b)(1)(B).

(c) Real-Time Market Not Suspended. In the case of a Market Disruption of the Real-Time Market when the Real-Time Market has not been suspended –

- (1) if market results are unavailable for fewer than four (4) consecutive 15-minute FMM intervals, the CAISO shall use the FMM market results, as applicable, for the FMM interval immediately preceding the FMM interval(s) for which FMM market results are unavailable;
- (2) if market results are unavailable for fewer than twelve (12) consecutive 5-minute Dispatch Intervals, the CAISO shall use the RTD market results, as applicable, for the Dispatch Interval immediately preceding the Dispatch Interval(s) for which market results are unavailable;
- (3) if market results are unavailable for at least four (4) consecutive 15-minute FMM intervals and market results are available for the RTD during those FMM intervals, the CAISO shall use the average of RTD market results, as applicable, during each such FMM interval and use the market results as applicable from the prior intervals for which market results are unavailable as needed;
- (4) if market results are unavailable for at least twelve (12) consecutive 5-minute Dispatch Intervals and market results are available for the FMM during those Dispatch Intervals, the CAISO shall use the FMM market results, as applicable, from the applicable FMM during the Dispatch Intervals;
- (5) if market results are unavailable for at least four (4) consecutive 15-minute FMM

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intervals and market results are unavailable for the RTD during those FMM intervals, the CAISO shall use the Day-Ahead Market market results, as applicable, for the corresponding Trading Hour for which market results are unavailable; and(6) if market results are unavailable for at least twelve (12) consecutive 5-minute Dispatch Intervals and market results are unavailable for the FMM during those Dispatch Intervals, the CAISO shall use the previous day's Day-Ahead Market market results, as applicable, for the corresponding Trading Hour for which market results are unavailable.

- (d) **Real-Time Market Suspended.** In circumstances where the Real-Time Market has been suspended, the CAISO shall use the previous day's Day-Ahead Market market results, as applicable, for the Trading Hour corresponding to the Trading Hour during which the Real-Time Market has been suspended.
- (e) **Default Provision.** In circumstances that are not described in subsections (a) through (d) of this section or if the market results are for any reason unavailable, the CAISO shall use market results, as applicable, from the most recent preceding applicable interval that produced acceptable market results.

7.7.10 CAISO Facility and Equipment Outage

- (a) **CAISO's Secure Communication System Unavailable**
 - (1) **Unavailable Critical Functions.** During a total disruption of the CAISO's secure communication system –
 - (A) the CAISO's scheduling infrastructure computer systems will not be able to communicate with Scheduling Coordinators to receive any type of updated Bid or Schedule information;
 - (B) the CAISO's scheduling infrastructure computer systems will not be able to communicate Congestion Management information and Schedule changes to the Scheduling Coordinators; and
 - (C) the CAISO will not be able to communicate general information, including emergency information, to any Market Participants.

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- (2) Communications.** During any period that the CAISO's secure communication system is unavailable, the CAISO shall –
- (A) make all reasonable efforts to keep Market Participants aware of current CAISO Controlled Grid status using voice communications;
 - (B) use the most recent set of Day-Ahead Schedules, RUC Schedules, AS Awards, FMM Schedules, and Dispatch Instructions for each Scheduling Coordinator for the current and all future Settlement Periods and/or Trading Days until the CAISO's secure communication system is restored; and
 - (C) attempt to take critical Bids, including ETC and TOR Self-Schedules changes, from Scheduling Coordinators via voice communications as time and personnel availability allow.

(b) Primary CAISO Control Center Unavailability.

- (1) Loss of all Voice Communications.** In the event of loss of all voice communication at the Primary CAISO Control Center –
- (A) the Primary CAISO Control Center will use alternate communications to notify the Backup CAISO Control Center of the loss of voice communications;
 - (B) the Backup CAISO Control Center will post information on the situation on the CAISO's secure communication system;
 - (C) additional voice notifications will be made as time permits; and
 - (D) once voice communications have been restored to the Primary CAISO Control Center, the CAISO will post this information on the CAISO's secure communication system.
- (2) Complete Unavailability.** In the event that the Primary CAISO Control Center becomes completely unavailable –
- (A) the Primary CAISO Control Center will use alternate communications to notify the Backup CAISO Control Center that the Primary CAISO Control

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Center is unavailable;

- (B) the Backup CAISO Control Center will post information on the situation on the CAISO's secure communication system;
- (C) additional voice notifications will be made as time permits;
- (D) the Backup CAISO Control Center will post confirmation on the CAISO's secure communication system that all computer systems are functioning normally (if such is the case) and take complete control of the CAISO Controlled Grid.
- (E) the Backup CAISO Control Center will notify the Participating Transmission Owners by direct voice communication of the situation; and.
- (F) once the Primary CAISO Control Center is again available, all functions will be transferred back, and the Primary CAISO Control Center will notify all Market Participants via the CAISO's secure communication system.

(3) CAISO Energy Management System (EMS) Unavailable. Should an outage occur to the redundant EMS computer systems in the Primary CAISO Control Center –

- (A) EMS operation will transfer to the redundant EMS back up computers at the Backup CAISO Control Center;
- (B) the Primary CAISO Control Center will post information on the CAISO's secure communication system that the Primary CAISO Control Center EMS computer is unavailable and that EMS control has been transferred to the Backup CAISO Control Center; and
- (C) when the Primary CAISO Control Center EMS computer is restored, the Backup CAISO Control Center will initiate a transfer of the EMS system back to the Primary CAISO Control Center and the Primary CAISO Control Center will post information on the status of the restored EMS

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computer system on the CAISO's secure communication system.

(c) Backup CAISO Control Center.

(1) Loss of all Voice Communications. In the event of a loss of all voice communications at the Backup CAISO Control Center –

- (A) the Backup CAISO Control Center will use alternate communications to notify the Primary CAISO Control Center of the loss of voice communications;
- (B) the Primary CAISO Control Center will post information on the situation via the CAISO's secure communication system;
- (C) additional voice notifications will be made as time permits; and
- (D) once voice communications have been restored to the Backup CAISO Control Center, the Primary CAISO Control Center will post this information on the CAISO's secure communication system.

(2) Control Center Completely Unavailable. In the event that the Backup CAISO Control Center becomes completely unavailable –

- (A) the Backup CAISO Control Center will use alternate communications to notify the Primary CAISO Control Center that the Backup CAISO Control Center is unavailable;
- (B) the Primary CAISO Control Center will post information on the situation on the CAISO's secure communication system;
- (C) additional voice notifications will be made as time permits;
- (D) the Primary CAISO Control Center will post confirmation on the CAISO's secure communication system that all computer systems are functioning normally (if such is the case) and take complete control of the CAISO Controlled Grid;
- (E) the Primary CAISO Control Center will notify the Participating Transmission Owners by direct voice communications of the situation; and

- (F) once the Backup CAISO Control Center is again available, the Primary CAISO Control Center will transfer all functions back to the Backup CAISO Control Center, and the Backup CAISO Control Center will notify all Market Participants via the CAISO's secure communication system.

7.7.11 [Not Used]

7.7.12 [Not Used]

7.7.13 [Not Used]

7.7.14 [Not Used]

7.7.15 [Not Used]

7.8 Management of Overgeneration Conditions

The CAISO's management of Overgeneration relates only to Real-Time. In the event that Overgeneration conditions occur during Real-Time, the CAISO will direct the Scheduling Coordinators to take the steps described in this Section 7.8 and Scheduling Coordinators shall implement CAISO directions without delay. Overgeneration in Real-Time will be mitigated by the CAISO as follows; provided that the CAISO Operator will have the discretion, if necessary to avoid a System Emergency, to eliminate one or more of the following steps.

7.8.1 Dispatch Instructions to Reduce Generation and Imports

Commencing one hour prior to the start of the Settlement Period, the CAISO will, based on available Bids issue Dispatch Instructions to Scheduling Coordinators to reduce Generation and imports for the next Operating Hour.

7.8.2 Notification of Projected Overgeneration to be Mitigated

To the extent that there are insufficient Bids available for the Operating Hour to fully mitigate the Overgeneration condition, the CAISO will notify Scheduling Coordinators of the projected amount of Overgeneration to be mitigated in that hour.

7.8.3 Energy Offered for Sale to Adjacent Balancing Authorities

In addition to the action taken under 7.8.2, the CAISO will, if it considers it necessary to maintain the reliable operation of the CAISO Balancing Authority Area, offer Energy for sale on behalf of Scheduling Coordinators to adjacent Balancing Authorities at the estimated LMP or, if the CAISO considers it

necessary, at a price established by the CAISO on behalf of Scheduling Coordinators, to be paid to adjacent Balancing Authorities.

7.8.4 Instructions to SCs to Reduce Generation or Imports

To the extent that the steps described in Sections 7.8.1 through 7.8.3 fail to mitigate Overgeneration, the CAISO will instruct Scheduling Coordinators to reduce either Generation, or imports, or both. The amount of the reduction for each Scheduling Coordinator will be calculated pro rata based on the product of the total required reduction in Generation and imports (or increase in exports) and the ratio of its Demand to the total Demand in the CAISO Balancing Authority Area.

7.8.5 Mandatory Dispatch Instructions for Specific Reductions

To the extent that the above steps fail to fully mitigate the Overgeneration, the CAISO will issue mandatory Dispatch Instructions for specific reductions in Generating Unit output and external imports and all relevant Scheduling Coordinators shall be obligated to comply with such Dispatch Instructions.

7.8.6 CAISO Costs to be Reimbursed Proportionately by SCs

Any costs incurred by the CAISO in implementing Section 7.8.3 shall be reimbursed to the CAISO by Scheduling Coordinators based upon the extent to which they supplied Energy, in metered amounts, greater than the Generation and imports dispatched by the CAISO as provided in the Day-Ahead Schedule or in response to Dispatch Instructions and consumed Energy, in metered amounts, less than the Demand scheduled, as a proportion of the total amount of such excess or shortfall among all Scheduling Coordinators.

7.9 Suspension or Limitation of Virtual Bidding

7.9.1 Suspension or Limitation Generally

The CAISO may suspend or limit the ability of one or more Scheduling Coordinators to submit Virtual Bids on behalf of one or more Convergence Bidding Entities for any of the reasons set forth in Section 7.9.2.

The CAISO has the authority to suspend or to limit the ability of one or more Scheduling Coordinators to submit Virtual Bids on behalf of one or more Convergence Bidding Entities regardless of whether the CAISO has evidence that the virtual bidding activities that led to the suspension or limitation were the result of actions purposely or knowingly taken by Scheduling Coordinators or Convergence Bidding Entities to cause the outcomes set forth in Section 7.9.2. The CAISO may exercise its suspension or

limitation authority pursuant to this Section 7.9 at specific Eligible PNodes or Eligible Aggregated PNodes, or at all Eligible PNodes or Eligible Aggregated PNodes. The CAISO may suspend or limit Virtual Bids that have already been submitted, Virtual Bids that will be submitted in the future, or both. The CAISO's authority to suspend or limit the ability of all Scheduling Coordinators to submit Virtual Bids at specific Eligible PNodes or Eligible Aggregated PNodes, or at all Eligible PNodes or Eligible Aggregated PNodes will be governed by the Market Disruption provisions of Section 7.7.15 of the CAISO Tariff and not this Section 7.9.

7.9.2 Reasons for Suspension or Limitation

The CAISO may suspend or limit the ability of one or more Scheduling Coordinators to submit Virtual Bids if the CAISO determines that virtual bidding activities of one or more Scheduling Coordinators on behalf of one or more Convergence Bidding Entities detrimentally affect System Reliability or grid operations. Virtual bidding activities can detrimentally affect System Reliability or grid operations if such activities contribute to threatened or imminent reliability conditions, including but not limited to the following circumstances:

- (a) Submitted Virtual Bids create a substantial risk that the CAISO will be unable to obtain sufficient Energy and Ancillary Services to meet Real-Time Demand and Ancillary Service requirements in the CAISO Balancing Authority Area.
- (b) Submitted Virtual Bids render the CAISO Day-Ahead Market software unable to process Bids submitted into the Day-Ahead Market.
- (c) Submitted Virtual Bids render the CAISO unable to achieve an alternating current (AC) solution in the Day-Ahead Market for an extended period of time.
- (d) Submitted Virtual Bids detrimentally affect CAISO Market efficiency related to enforcement of natural gas constraint pursuant to Section 27.11.

7.9.3 Procedures Regarding Suspension or Limitation

- (a) Whenever practicable, prior to suspending or limiting virtual bidding, the CAISO will notify affected Scheduling Coordinators and affected Convergence Bidding Entities that the CAISO intends to suspend or limit virtual bidding and will confer and exchange information with the affected Scheduling Coordinators and affected Convergence Bidding

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Entities in an effort to resolve any dispute as to whether suspension or limitation of virtual bidding is warranted. In cases where taking such actions prior to suspending or limiting virtual bidding is not practicable, the CAISO will promptly notify the affected Scheduling Coordinators and affected Convergence Bidding Entities that the CAISO has suspended or limited virtual bidding, and will promptly confer and exchange information with the affected Scheduling Coordinators and affected Convergence Bidding Entities in an effort to resolve any dispute as to whether suspension or limitation of virtual bidding is warranted. Within two (2) Business Days of the notice of suspension or limitation, the CAISO will provide the affected Scheduling Coordinators and affected Convergence Bidding Entities with information justifying the decision to suspend or limit virtual bidding.

- (b) Suspension or limitation of virtual bidding by the CAISO will remain in effect for ninety (90) days or any shorter time period determined by the CAISO. The CAISO will have the authority to discontinue the suspension or limitation of virtual bidding at any time it determines such suspension or limitation is no longer appropriate.