

## **Tab 2: O & I Language not yet effective**

### **IMPORTANT NOTICE:**

The Amendment 55 supplementary section includes, in clean copy, new Section 2.2.9 and the new definition of Operating Transfer Capability. These provisions were proposed and accepted by FERC in the Amendment 55 proceeding (Docket No. ER03-1102), to become effective on the date the ISO implements changes to its scheduling system to put the provisions into effect. Therefore, these provisions will become effective upon notice. Other language proposed in the May 21, 2004 Amendment 55 compliance filing, including an entire new Enforcement Protocol, will not become effective unless and until approval by FERC is given; this pending language is shown in highlight.

changes to the Suggested Adjusted Schedules, all of the Suggested Adjusted Schedules shall become the Final Schedules. The Final Schedules shall serve as the basis for Settlement between the ISO and each Scheduling Coordinator.

**2.2.9 Prohibition on Scheduling Across Out-of-Service Transmission Paths.** Scheduling Coordinators shall not submit any Schedule using a transmission path for any Settlement Period for which the Operating Transfer Capability for that path is zero MW. The ISO shall reject Schedules submitted for transmission paths on which the Operating Transfer Capability is zero MW. If the Operating Transfer Capability of a transmission path is reduced to zero after Final Day-Ahead Schedules have been submitted, then, if time permits, the ISO shall direct the responsible Scheduling Coordinators to reduce all Schedules on such zero-rated transmission paths to zero in the Hour-Ahead Market. As necessary to comply with Applicable Reliability Criteria, the ISO shall reduce any non-zero Final Hour-Ahead Schedules across zero-rated transmission paths to zero after the close of the Hour-Ahead Market. No Usage Charges will be assessed, nor will any Usage Charges for counter-flow be paid, for Schedules across a path with an Operating Transfer Capability of zero.

**2.2.10 Information to be Provided by the ISO to all Scheduling Coordinators.**

By 6:00 p.m. two days prior to a Trading Day, the ISO shall publish on WEnet information, including the following to all Scheduling Coordinators for each Settlement Period of the Trading Day:

**2.2.10.1 Scheduled Line Outages.** Scheduled transmission line Outages;

**2.2.10.2 [Not Used]**

**2.2.10.3 Forecast Loop-Flow.** Forecast Loop Flow over ISO Inter-Zonal Interfaces and Scheduling Points;

**2.2.10.4 Advisory Demand Forecasts.** Advisory Demand Forecasts by location;

**2.2.10.5 Updated Transmission Loss Factors.** Updated Generation Meter Multipliers reflecting Transmission Losses to be supplied by each Generating Unit and by each import into the ISO Control Area;

**2.2.10.6 Ancillary Services.** Expected Ancillary Services requirement by reference to Zones for each of the reserve Ancillary Services.

**2.2.10.7 [Not Used]**

**2.2.10.8 [Not Used]**

**2.3.1.2 Market Participant Responsibilities.**

**2.3.1.2.1 Comply with Operating Orders Issued.** With respect to this Section 2.3.1.2, all Market Participants within the ISO Control Area and all System Resources shall comply fully and promptly with the ISO's operating orders, unless such operation would impair public health or safety. A Market Participant is not required to comply with an ISO operating order if it is physically impossible for the Market Participant to perform in compliance with that operating order. The Market Participant shall immediately notify the ISO of its inability to perform in compliance with the operating order. The ISO will honor the terms of Existing Contracts, except during a System Emergency and circumstances in which the ISO considers that a System Emergency is imminent or threatened. In a System Emergency and circumstances in which the ISO considers that a System Emergency is imminent or threatened, Existing Rights Holders must follow ISO operating orders even if those operating orders conflict with the terms of Existing Contracts. For this purpose ISO operating orders to shed Load shall not be considered as an impairment to public health or safety. This section does not prohibit a Scheduling Coordinator from modifying its Schedule or re-purchasing Energy in the Hour-Ahead Market.

**2.3.1.2.2 Implementation of Instructions.** All Market Participants shall respond to ISO instructions with no more delay than specified in the response times set out in the ISO Protocols.

**2.3.1.3 Operating Reliability Criteria.**

**2.3.1.3.1** The ISO shall exercise Operational Control over the ISO 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 ISO Operations Date and have been submitted to the ISO by each Participating TO pursuant to

Section 2.2.1(v) of the TCA. All Market Participants and the ISO shall comply with the ISO Reliability Criteria, standards, and procedures.

**2.3.1.3.2** The ISO may establish planning and Operating Reserve criteria more stringent than those established by WECC and NERC or revise the Local Reliability Criteria subject to and in accordance with the provisions of the TCA.

**2.3.2 Management of System Emergencies.**

**2.3.2.1 Declaration of System Emergencies.** The ISO shall, when it considers that conditions giving rise to a System Emergency exist, declare the existence of such System

Reserve Account including drawing on any credit support provided by the defaulting Scheduling Coordinator pursuant to Section 2.2.3.2 of this ISO Tariff or serving demands on any defaulting Scheduling Coordinators with an Approved Credit Rating.

**11.15 Prohibition on transfers.**

The ISO shall at no time instruct the ISO Bank to transfer any sum from an ISO Account to another account (not being an ISO Account) unless that account is a Settlement Account or the amount is owed to the ISO under this ISO Tariff.

**11.16 Alternative Payment Procedures.**

**11.16.1 Pro Rata Reduction to Payments.**

If it is not possible to clear the ISO Clearing Account on a Payment Date because of an insufficiency of funds available in the ISO Reserve Account or by enforcing any guarantee, letter of credit or other credit support provided by a defaulting Scheduling Coordinator, the ISO shall reduce payments to all ISO Creditors proportionately to the net amounts payable to them on the relevant Payment Date to the extent necessary to clear the ISO Clearing Account. The ISO shall account for such reduction in the ISO ledger accounts as amounts due and owing by the non-paying ISO Debtor to each ISO Creditor whose payment was so reduced. **The provisions of this section shall not apply to non-payment of any penalty amount that a Scheduling Coordinator has disputed and FERC has specifically authorized the Scheduling Coordinator to net its payment to the ISO by the amount of the penalty in question in accordance with EP 9.3, in which case the non-payment amount will be allocated exclusively to the ISO penalty trust account and not allocated to ISO Creditors.**

**11.16.2 Payment of Defaulted Receivables.**

Collections of defaulted receivables (other than Interest) will be distributed pro rata to ISO Creditors for the month of default.

- (1) If the total collected in that closing related to the past due trade month is less than \$5,000, then the funds shall accumulate in an Interest-bearing account until either: (a) the account exceeds \$5,000, (b) there have been no distributions from the account for six months, or (c) all defaults for that month have been collected exclusive of any bankruptcy defaults.

**BEEP Interval Ex Post Prices**

The prices charged to or paid by Scheduling Coordinators for Imbalance Energy in each Zone in each BEEP Interval.

**BEEP Software**

The balancing energy and ex post pricing software which is used by the ISO to determine which Ancillary Service and Supplemental Energy resources to Dispatch and to calculate the Ex Post Prices.

**Black Start**

The procedure by which a Generating Unit self-starts without an external source of electricity thereby restoring power to the ISO Controlled Grid following system or local area blackouts.

**Black Start Generator**

A Participating Generator in its capacity as party to an Interim Black Start Agreement with the ISO for the provision of Black Start services, but shall exclude Participating Generators in their capacity as providers of Black Start services under their Reliability Must-Run Contracts.

**Bulk Supply Point**

A UDC metering point.

**Business Day**

A day on which banks are open to conduct general banking business in California.

**C.F.R.**

Code of Federal Regulations.

**Circular Schedule**

A Schedule or set of Schedules that creates a closed loop of Energy Schedules between the ISO Controlled Grid and one or more other Control Areas that do not have a source and sink in separate Control Areas, which includes Energy scheduled in a counter direction over a Congested Inter-Zonal Interface through two or more Scheduling Points. A closed loop of Energy Schedules that includes a transmission segment on the Pacific DC Intertie shall not be a Circular Schedule because such a Schedule directly changes power flows on the network and can mitigate Congestion between SP15 and NP15. **This**



definition of a Circular Schedule does not apply to the  
circumstance in which a Scheduling Coordinator submits a  
Schedule that is an amalgam of different Market Participants'  
separate but simultaneously submitted Schedules.

**Completed Application Date**

For purposes of Section 5.7, the date on which a New Facility Operator submits an Interconnection Application to the ISO that satisfies the requirements of the ISO Tariff and the TO Tariff of the Interconnecting PTO.

**Completed Interconnection Application**

An Interconnection Application that meets the information requirements as specified by the ISO and posted on the ISO Home Page.

**Congestion**

A condition that occurs when there is insufficient Available Transfer Capacity to implement all Preferred Schedules simultaneously or, in real time, to serve all Generation and Demand. "Congested" shall be construed accordingly.

**Congestion Management**

The alleviation of Congestion in accordance with Applicable ISO Protocols and Good Utility Practice.

**Congestion Management Charge**

The component of the Grid Management Charge that provides for the recovery of the ISO's costs of operating the Congestion Management process including, but not limited to, the management and operation of Inter-Zonal Congestion markets, Adjustment Bids, taking Firm Transmission Rights and Existing Contracts into account, and determining the price for mitigating Congestion for flows on Congested paths. The formula for determining the Congestion Management Charge is set forth in Appendix F, Schedule 1, Part A of this Tariff.

**Operating Reserve**

The combination of Spinning and Non-Spinning Reserve required to meet WECC and NERC requirements for reliable operation of the ISO Control Area.

**Operating Transfer Capability**

The maximum capability of a transmission path to transmit real power, expressed in MW, at a given point in time.

**Operational Control**

The rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting Applicable Reliability Criteria.

**Operator**

The operator of facilities that comprise the ISO Controlled Grid or a Participating Generator.

**OPF (Optimal Power Flow)**

A computer optimization program which uses a set of control variables (which may include active power and/or reactive power controls) to determine a steady-state operating condition for the transmission grid for which a set of system operating Constraints (which may include active power and/or reactive power constraints) are satisfied and an objective function (e.g. total cost or shift of schedules) is minimized.

**Order No. 888**

The final rule issued by FERC entitled "Promoting Wholesale Competition through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities," 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶ 31,036 (1996), Order on Rehearing, Order No. 888-A, 78 FERC ¶ 61,220 (1997), as it may be amended from time to time

**ISO MARKET MONITORING AND INFORMATION PROTOCOL**

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that affect the operation of the ISO Markets and that provide indications of the phenomena set forth below in this Section 2.1. Where appropriate, it will take such further action as it considers necessary under Section 2.3.

**MMIP 2.1.1 Abuse of Reliability Must-Run Unit Status**

Where Generating Units are determined by the ISO to be Reliability Must-Run Units, circumstances that indicate that such Generating Units are being operated in a manner that will adversely affect the competitive nature and efficient workings of the ISO Markets.

**MMIP 2.1.2 ISO and Other Market Design Flaws**

Design flaws and inefficiencies in the ISO Tariff, ISO Protocols and operational rules and procedures of the ISO, including the potential for problems between the ISO and other independent power markets or exchanges insofar as they affect the ISO Markets.

**MMIP 2.1.3 Market Structure Flaws**

With respect to flaws in the overall structure of the California energy markets that may reveal undue concentrations of market power in Generation or other structural flaws, the Department of Market Analysis shall provide such information or evidence of such flaws and such analysis as it may conduct to the ISO CEO and/or to the ISO Governing Board, subject to due protections of confidential or commercially sensitive information. After due internal consultation, if instructed by any of such ISO institutions or persons, the Department of Market Analysis shall also provide such information or evidence to the Market Surveillance Committee, the appropriate regulatory and antitrust enforcement agency or agencies, subject to due protections of confidential or commercially sensitive information. The Department of Market Analysis shall, at the direction of the ISO CEO and/or the ISO Governing Board, or their designee, provide such other evidence, views, analyses or testimony as may be appropriate or required and as it is reasonably capable of providing to assist the investigations of such agencies.

**MMIP 2.2 Scrutiny of Participant Changes Potentially Affecting Market Structure**

The Department of Market Analysis may undertake the following measures to monitor the special circumstances that may affect the operation of the ISO Markets due to corporate reorganizations including bankruptcies or changes in affiliate relationships and may recommend corrective actions as provided in Section 2.3.

**MMIP 2.2.1 Exercises of Horizontal Market Power**

The Department of Market Analysis may analyze the impact of changes in market structure on the ability of Market Participants to exercise short-term horizontal market power.

**MMIP 2.3.3 Adverse Effects of Transition Mechanisms**

Should the monitoring and analysis conducted under MMIP 2.2.3 reveal significant adverse effects of transition mechanisms on competition in or the efficient operation of the ISO Markets, the Department of Market Analysis shall examine and fully assess the efficacy of all possible measures that may be taken by the ISO, in order to prevent or to mitigate such adverse effects. The Department of Market Analysis shall make such recommendations to the CEO of the ISO and to the ISO Governing Board as it considers appropriate for action by the ISO and/or for referral to regulatory or law enforcement agencies. Such proposed measures may include, but shall not be limited to the following:

- MMIP 2.3.3.1** the use of direct bid caps as a mechanism to prevent or mitigate artificially high Market Clearing Prices caused by abuses of market power;
- MMIP 2.3.3.2** the use of contracts for differences for eliminating the incentive for Generators to bid ISO prices to artificially high levels enabled by the presence of market power;
- MMIP 2.3.3.3** calling upon Reliability Must-Run Units to operate; and to modify Reliability Must-Run Contracts;
- MMIP 2.3.3.4** bid floors to prevent or mitigate the possible exercise of below-cost bidding or predatory pricing.

In the event that the ISO Governing Board adopts, and where necessary obtains regulatory approval for, any

measure proposed pursuant to MMIP 2.3.3, the Department of Market Analysis shall monitor the implementation and effect of such measure on the state of the ISO Markets and shall periodically report on them to the CEO and the ISO Governing Board.

**MMIP 3 ISO DEPARTMENT OF MARKET ANALYSIS**

**MMIP 3.1 Establishment**

There shall be established on or before ISO Operations Date within the ISO a Department of Market Analysis that shall be responsible for the ongoing development, implementation, and execution of the ISO Market monitoring and information scheme described in this MMIP and the adherence to its objectives, as set forth in MMIP 1.1.

**MMIP 3.2 Composition**

The Department of Market Analysis shall be adequately staffed by the ISO with full-time ISO staff with the experience and qualifications necessary to fulfill the functions referred to in this MMIP. Such qualifications may include professional training pertinent to and experience in the operation of markets analogous to ISO Markets, in the electric power industry, and in the field of competition and antitrust law, economics and policy. The Department of Market Analysis shall be under the general management of the ISO CEO, provided that the CEO may designate another ISO officer (currently the General Counsel) for day-to-day oversight of the Department.

**MMIP 3.3 Accountability and Responsibilities**

**MMIP 3.3.1 Department of Market Analysis**

The Department of Market Analysis shall report to and be accountable to the ISO CEO and his or her designee on all matters pertaining to policy and other matters that may affect the effectiveness and integrity of the monitoring function referred to in this Protocol, including matters pertaining to market monitoring, information development and dissemination and pertaining to generic or entity-specific investigations, corrective actions or enforcement.

**MMIP 3.3.2 CEO and MSC**

The ISO CEO and the MSC shall each have the independent authority to refer any of the matters referred to in MMIP 3.3.1 to the ISO Governing Board for approval of recommended actions.

**MMIP 3.3.3 Chief Executive Officer (CEO)**

**MMIP 3.3.3.1**

The Department of Market Analysis shall report to and be accountable to the ISO CEO and his or her designee on all matters relating to administration of the Department and the internal resources and organization of the ISO in accordance with MMIP 3.3.3.2.

- (b) amounts in respect of penalties or sanctions which may be levied by the ISO in accordance with the ISO Tariff or ISO Protocols. These charges will be levied on the Market Participants liable for payment of the penalty or sanction.
- (c) amounts required to reach an accounting trial balance of zero in the course of the Settlement process in the event that the charges calculated as due from ISO Debtors are lower



**SABP 6.3 Payment Process**

**SABP 6.3.1 Use of the ISO Clearing Account**

- (a) Subject to SABP 6.1.2 each ISO Debtor shall remit to the ISO Clearing Account the amount shown on the invoice as payable by that ISO Debtor for value not later than 10:00 am on the Payment Date.
- (b) On the Payment Date the ISO shall be entitled to cause the transfer of such amounts held in a Scheduling Coordinator's ISO prepayment account to the ISO Clearing Account as provided in SABP 6.1.2(c).

**SABP 6.3.1.2 Distribution to ISO Creditors**

The ISO shall calculate the amounts available for distribution to ISO Creditors on the Payment Date and shall give irrevocable instructions to the ISO Bank to remit from the ISO Clearing Account to the relevant Settlement Account maintained by each ISO Creditor for same day value the amounts determined by the ISO to be available for payment to each ISO Creditor. If required, the ISO shall instruct the ISO Bank to transfer amounts from the ISO Reserve Account to enable the ISO Clearing Account to clear by the close of banking business on the Payment Date.

**SABP 6.3.1.3 Grid Management Charge**

The ISO is authorized to instruct the ISO Bank to debit the ISO Clearing Account and transfer to the relevant ISO account sufficient funds to pay in full the Grid Management Charge falling due on any Payment Day with priority over any other payments to be made on that or on subsequent days out of the ISO Clearing Account.

**SABP 6.4 Use of the ISO Reserve Account**

If there are insufficient funds in the ISO Clearing Account to pay ISO Creditors and clear the account on any Payment Date, due to payment default by one or more ISO Debtors, the ISO shall transfer funds from the ISO Reserve Account to the ISO Clearing Account to clear it by close of banking business on that Payment Date pursuant to SABP 6.7.2.

**SABP 6.5 Use of the ISO Surplus Account**

**SABP 6.5.1 Establishment**

The ISO shall establish and maintain a bank account in accordance with this Protocol denominated the "ISO Surplus Account".

**SABP 6.5.2 Other Funds Used in the ISO Surplus Account.**

- (a) Any amounts paid to the ISO in respect of penalties or sanctions referred to in SABP 3.1.1 shall be credited to the Surplus Account, subject, however, to SABP 6.5.2(b).

- (b) The funds referred to in SABP 6.5.2(a) pertaining to penalties or sanctions as provided in SABP 3.1.1 shall first be applied towards any expenses, loss or costs incurred by the ISO except for that portion of those amounts collected pursuant to EP 9.4. Any

excess **after such application** will be credited to the Surplus Account pursuant to SABP 6.5.2(a).

- (c) The funds referred to in SABP 6.5.2(a) pertaining to default interest referred to in SABP 6.10.5 shall first be applied towards any unpaid creditor balances for the trade month in which the default interest was assessed and second to any other unpaid creditor balances. Only after all unpaid creditor balances are satisfied in full will any excess funds pertaining to default interest be credited to the Surplus Account pursuant to SABP 6.5.2(a).

**SABP 6.5.3                    Distribution of Funds**

In the event that there are funds in the ISO Surplus Account in excess of an amount to be determined by the ISO Governing Board and noticed by the ISO to Market Participants, the amount of such excess will be distributed to Scheduling Coordinators using the same method of apportioning the refund as the method employed in apportioning the liability for the Grid Management Charge.

**SABP 6.5.4                    Trust**

All amounts standing to the credit of the ISO Surplus Account will be held at all times on trust for Market Participants in accordance with this Protocol.

**SABP 6.6                      System Failure**

**SABP 6.6.1                    At ISO Debtor's Bank**

If any ISO Debtor becomes aware that a payment will not, or is unlikely to be, remitted to the ISO Bank by 10:00 am on the relevant Payment Date for any reason (including failure of the Fed-Wire or any computer system), it shall immediately notify the ISO, giving full details of the payment delay (including the reasons for the payment delay). The ISO Debtor shall make all reasonable efforts to remit payment as soon as possible, by an alternative method if necessary, to ensure that funds are received for value no later than 10:00 am on the Payment Date, or as soon as possible thereafter.

**SABP 6.6.2                    At the ISO's Bank**

In the event of failure of any electronic transfer system affecting the ISO Bank, the ISO shall use reasonable efforts to establish alternative methods of remitting funds to the ISO Creditors' Settlement Accounts by close of banking business on that Payment Date, or as soon as possible thereafter. The ISO shall notify the ISO Debtors and the ISO Creditors of occurrence of the system failure and the alternative methods and anticipated time of payment.

**SABP 6.7                      Payment Default**

Subject to SABP 6.8, if by 10:00 am on a Payment Date the ISO, in its reasonable opinion, believes that all or any part of any amount due to be remitted to the ISO Clearing Account by any Scheduling

# **ISO Enforcement Protocol**

**ISO ENFORCEMENT PROTOCOL**

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## **ISO ENFORCEMENT PROTOCOL (“EP”)**

### **EP 1 OBJECTIVES, DEFINITIONS, AND SCOPE**

#### **EP 1.1 Purpose**

This Protocol sets forth the guiding principles for participation in the markets administered by the California Independent System Operator. The specified Rules of Conduct are intended to provide fair notice to Market Participants of the conduct expected of them, to provide an environment in which all parties may participate on a fair and equal basis, to redress instances of gaming and other instances of anticompetitive behavior, and thereby to foster confidence of Market Participants, ratepayers and the general public in the proper functioning of the ISO markets.

#### **EP 1.2 Objectives**

The objectives of this Protocol are to:

- (a) Provide clear Rules of Conduct specifying the behavior expected of Market Participants; and
- (b) Establish in advance the Sanctions and other potential consequences for violation of the specified Rules of Conduct.

#### **EP 1.3 Master Definitions Supplement**

Unless the context otherwise requires, any word or expression defined in the Master Definitions Supplement to the ISO Tariff shall have the same meaning where used in this Protocol. References to a Section or Appendix are to a section of or an appendix to the ISO Tariff. References to EP are to this Protocol or to the stated section or paragraph of, or appendix to, this Protocol.

#### **EP 1.4 Special Terms for This Protocol**

In this Protocol, the following words and expressions shall have the meanings set opposite them:

- (a) **“FERC”** means the Federal Energy Regulatory Commission.

- (b) **“Market Behavior Rules”** mean those rules established by FERC under Docket No. EL01-118.
- (c) **“Market Manipulation”** has the meaning set forth in EP 7.
- (d) **“Market Monitoring Staff”** means those employees at the ISO, generally within the Market Analysis and Compliance Departments, assigned responsibility in the first instance for the functions of a Market Monitoring Unit, as that term is used in Docket No. EL01-118.
- (e) **“Rules of Conduct”** refers to the rules set forth in EP 2 through EP 7.
- (f) **“Sanction”** is a consequence specified in this EP for the violation of a Rule of Conduct, which may include a) a warning letter notifying the Market Participant of the violation and future consequences specified under this EP if the behavior is not corrected, or b) financial penalties. Neither referral to FERC nor rescission of payment for service not provided shall constitute a Sanction.

#### **EP 1.5 Rules of Interpretation**

Unless the context otherwise requires, if the provisions of this Protocol and the ISO Tariff conflict, the ISO Tariff will prevail to the extent of the inconsistency. Provisions of the ISO Tariff have been summarized or repeated in this Protocol only to aid understanding.

A reference in this Protocol to a given agreement, ISO Protocol, or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented, or restated through the date as of which such reference is made. This EP does not modify the terms of any ISO agreements or the relationship of those agreements to the ISO Tariff.

The captions and headings in this EP are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Protocol.

#### **EP 1.6 Scope**

The EP applies to:

- (a) **Scheduling Coordinators;**
- (b) **Utility Distribution Companies (UDCs);**
- (c) **Metered Subsystems (MSSs);**



- (d) Participating Transmission Owners (PTOs);
- (e) Participating Generators;
- (f) Control Area Operators, to the extent the agreement between the Control Area Operator and the ISO so provides;
- (g) Operators;
- (h) Other Market Participants;
- (i) The ISO; and
- (j) FERC

#### **EP 1.7 Liability of ISO**

Any liability of the ISO arising out of or in relation to this Protocol shall be subject to Section 14 of the ISO Tariff as if references to the ISO Tariff were references to this Protocol.

#### **EP 1.8 Application of Other Remedies**

The activities and remedies authorized under this Protocol are in addition to any other actions or relief that may be available to the ISO elsewhere in the ISO Tariff or under law, regulation or order. Nothing in this Protocol limits or should be construed to limit the right of the ISO to take action or seek relief otherwise available to it, and such action or relief may be pursued in lieu of or in addition to the action or relief specified in this Protocol.

#### **EP 1.9 FERC Authority**

In addition to any authority afforded Market Monitoring Staff in this Protocol, FERC shall have the authority to assess the sanctions, and otherwise to enforce the rules as set forth and described in this Protocol. FERC shall have authority to remedy a violation under this Protocol from the date of the violation. Nothing in this Protocol shall be deemed to be a limitation or condition on the authority of FERC or other entities under current law or regulation.

#### **EP 1.10 Administration of the EP**

Pursuant to the FERC Order dated February 20, 2004 in Docket ER03-1102, until a subsequent filing by the ISO and further order of FERC, the Rules of Conduct specified herein shall be enforced by FERC, and no Sanctions may be assessed by Market Monitoring Staff without prior FERC approval.

**EP 2 COMPLY WITH OPERATING ORDERS**

**EP 2.1 Compliance with Orders Generally**

- (a) **Expected Conduct.** Market Participants must comply with operating orders issued by the ISO as authorized under the ISO Tariff. For purposes of enforcement under this EP 2, an operating order shall be an order(s) from the ISO directing a Market Participant to undertake, a single, clearly specified action (e.g., the operation of a specific device, or change in status of a particular Generating Unit) that is feasible and intended to resolve a specific operating condition. If some limitation prevents the Market Participant from fulfilling the action requested by the ISO, then the Market Participant must promptly and directly communicate the nature of any such limitation to the ISO. Compliance with ISO operating orders requires a good faith effort to achieve full performance as soon as is reasonably practicable in accordance with Good Utility Practice.
- (b) **Sanctions.** The Sanction for a violation of this Section shall be the greater of the quantity of Energy non-performance multiplied by the applicable Hourly Ex Post Price or the following: for the first violation in a rolling twelve (12) month period, \$5,000; for the second and subsequent violations in a rolling twelve (12) month period, \$ 10,000. Sanctions under EP 2.1 will not be greater than \$10,000 per violation except as provided in EP 2.5. If a quantity of energy cannot be objectively determined, then the financial sanctions specified above will apply. A Market Participant may incur Sanctions for more than one violation per day.

**EP 2.2 Failure to Curtail Load**

- (a) **Expected Conduct.** A UDC or MSS Operator shall promptly comply with any ISO operating order to curtail interruptible or firm load issued pursuant to the ISO's authority under Section 4.4.4 of the ISO Tariff.
- (b) **Sanctions.** The Sanction for non-compliance with an operating order to curtail load will be \$10,000 for each violation. A UDC or MSS Operator may incur Sanctions for more than one violation per day.

**EP 2.3 Operations & Maintenance Practices**

- (a) **Expected Conduct.** Market Participants shall undertake such operating and maintenance practices as necessary to avoid contributing to a major outage or prolonging response time as indicated by Section 2.3.2.9.3 of the ISO Tariff.

(b) **Sanctions.** The Sanction for a violation of EP 2.3 will be \$10,000.

#### **EP 2.4 Must-Offer Denials/Revocations**

(a) **Expected Conduct.** A Market Participant shall start a Generating Unit within 30 minutes of the time at which a must-offer waiver revocation becomes effective, or report the derate, outage or other event outside the control of the Market Participant that prevents the Generating Unit from being started by such time. A Market Participant that fails to perform in accordance with the expected conduct described in this EP 2.4(a) shall be subject to Sanction.

(b) **Sanctions.** The Sanctions for a violation of EP 2.4 shall be as follows: for the first violation in a rolling twelve (12) month period, \$5,000; for the second and all subsequent violations in a rolling twelve (12) month period, \$10,000. A Market Participant is limited to one Sanction per Generating Unit per calendar day.

#### **EP 2.5 Enhancements and Exceptions**

Except as otherwise specifically provided, penalty amounts shall be tripled for any violation of EP 2.1 through EP 2.4 if an ISO System Emergency exists at the time an operating order becomes effective or at any time during the Market Participant's non-performance. Notwithstanding the foregoing, violations of EP 2.1 through EP 2.4 that result in circumstances in which an Uninstructed Deviation Penalty under Section 11.2.4.1.2 of the ISO Tariff may be assessed are subject to penalty under this rule only to the extent that the ISO has issued a separate and distinct non-automated Dispatch Instruction to the Market Participant.

### **EP 3 SUBMIT FEASIBLE ENERGY AND ANCILLARY SERVICE BIDS AND SCHEDULES**

#### **EP 3.1 Bidding Generally**

(a) **Expected Conduct.** Market Participants must bid and schedule Energy and Ancillary Services from resources that are reasonably expected to be available and capable of performing at the levels specified in the bid and/or schedule, and to remain available and capable of so performing based on all information that is known to the Market Participant or should have been known to the Market Participant at the time of bidding or scheduling.

(b) **Consequence for Non-Performance.** A Market Participant that fails to perform in accordance with the expected conduct described in EP 3.1 (a) above shall be subject to having the payment rescinded for any portion of an Ancillary Service that is unavailable.

**EP 3.2 Certification**

- (a) **Self-Certification.** The ISO will provide each Scheduling Coordinator that schedules Ancillary Services from Generating Units, Curtailable Demand, System Units and System Resources a monthly listing of schedules including the hour, location and service type of all Ancillary Services that were not Dispatched by the ISO. The Scheduling Coordinator must identify and advise the ISO in a certification form of any Ancillary Service schedules in the monthly listing for which 10 percent or more of the scheduled service could not have been delivered, in accordance with the terms of the bid, for any reason. Any certification form that identifies Ancillary Service schedules that could not be performed within the 10 percent tolerance band must be returned within 30 days of the Scheduling Coordinator's receipt of the associated monthly listing. If all such schedules could have been performed within the 10 percent tolerance band, no certification form from the Scheduling Coordinator shall be required, and the undischarged Ancillary Service schedules shall be deemed certified with no exceptions. If information indicating that one or more Ancillary Service schedules could not have been performed within the 10 percent tolerance band becomes available to the Scheduling Coordinator subsequent to the 30-day deadline, then a revised certification form must be promptly submitted.
- (b) **Sanctions.** If a self-certification indicates that all or a portion of the scheduled Ancillary Service was unavailable, then payment for the unavailable Ancillary Service shall be rescinded. Unless some other obligation under the ISO Tariff is violated, the only consequence for an unavailable Ancillary Service identified through a timely self-certification form shall be the rescission of payment in accordance with this EP 3.2(b). Failure to provide a timely self-certification shall be subject to EP 6 if such late-filed self-certification indicates that any undischarged Ancillary Service schedules were not deliverable as provided above. If definitive information (e.g., copies of maintenance logs demonstrating that the Ancillary Service was not available are discovered) indicates that a self-certification form should have been submitted but was not (i.e., services were incorrectly deemed deliverable), or that a submitted self-certification form was incomplete, the result in either instance shall be the false declaration of an Ancillary Service as being available, and the provisions of EP 5 shall apply. No Sanction shall apply for failure to submit a self-certification where no exceptions are subsequently identified.
- (c) **Audits.** Market Monitoring Staff and FERC shall have the authority to request any relevant information in support of an audit of any Ancillary Service schedule that is self-certified as available by the Scheduling Coordinator to the extent that such information is required to be available by FERC's Market Behavior Rule for record retention as approved in Docket No.EL01-118. For System Resources, such information shall

include the identity of the physical resource(s) and documentation supporting the associated firm transmission service that was available to the Scheduling Coordinator to comply with any ISO Dispatch of the associated Ancillary Service schedule.

### **EP 3.3 Exceptions.**

Violations of EP 3.1 and EP 3.2 that result in circumstances in which an Uninstructed Deviation Penalty under Section 11.2.4.1.2 of the ISO Tariff may be assessed or for which payments have been eliminated under Section 2.5.26 of the ISO Tariff or EP 3.2(a) are not subject to Sanction under this section. The submission of a Schedule that causes, or that the ISO expects to cause Intra-Zonal Congestion shall not, by itself, constitute a violation of EP 3.1 unless the Market Participant fails to comply with an obligation under the ISO Tariff to modify Schedules as determined by the ISO to mitigate such congestion or such Schedules violate another element of this Rule.

## **EP 4 COMPLY WITH AVAILABILITY REPORTING REQUIREMENTS**

### **EP 4.1 Reporting Availability**

- (a) **Expected Conduct.** A Market Participant shall report to the ISO Control Center any Outage of a Generating Unit subject to Section 5 of the ISO Tariff within thirty (30) minutes after the Outage occurs, in accordance with Section 2.3.3.9.2 of the ISO Tariff.
- (b) **Sanctions.** The Sanctions for a violation of EP 4.1 shall be as follows: for the first violation in a rolling twelve (12) month period, a warning letter; for the second violation in a rolling twelve (12) month period, \$1,000; for the third violation in a rolling twelve (12) month period, \$2,000; for the fourth and subsequent violations in a rolling twelve (12) month period, \$5,000. A Market Participant shall not be subject to more than one Sanction per Generating Unit per calendar day for violating EP 4.1. A "violation" shall mean each failure to report an Outage as required.

### **EP 4.2 Scheduling and Final Approval of Outages**

- (a) **Expected Conduct.** A Market Participant shall not undertake an Outage except as approved by the ISO Outage Coordination Office in accordance with Sections 2.3.3.2, OCP 4.2, and OCP 5.1 of the ISO Tariff. A Market Participant shall not commence any Outage without obtaining final approval from the ISO Control Center in accordance with Sections 2.3.3.8, OCP 4.3.6, OCP 4.3.8, OCP 5.7, OCP 5.8, and OCP 6 of the ISO Tariff.

- (b) **Sanctions.** The Sanctions for a violation of EP 4.2 shall be as follows: for the first violation within a rolling twelve (12) month period, \$5,000; for subsequent violations within a rolling twelve (12) month period, \$10,000. A "violation" shall mean each Outage undertaken for which all required approvals were not obtained.

#### **EP 4.3 Explanation of Forced Outages**

- (a) **Expected Conduct.** A Market Participant, within two working days of the commencement of a Forced Outage, must provide an explanation of the Forced Outage to the ISO that includes a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator, in accordance with Section 2.3.3.9.5 of the ISO Tariff. An Operator must promptly provide information requested by the ISO to enable the ISO to review the explanation submitted by the Operator and to prepare a report on the Forced Outage.
- (b) **Sanctions.** The Sanction for failing to provide a timely explanation of Forced Outage shall be \$500 per day for each day the explanation is late. The Sanction for failing to provide a timely response to information requested shall be as specified in EP 6.1.

#### **EP 4.4 Enhancements and Exceptions**

Except as otherwise specifically provided, penalty amounts shall be tripled for any violation of EP 4.1 through EP 4.3 that occurs during an ISO System Emergency. Violations of the above rules that result in circumstances in which an Uninstructed Deviation Penalty under Section 11.2.4.1.2 of the ISO Tariff may be assessed shall not be subject to Sanction under this EP 4.

### **EP 5 PROVIDE FACTUALLY ACCURATE INFORMATION**

#### **EP 5.1 Accurate Information Generally**

- (a) **Expected Conduct.** All applications, Schedules, reports, and other communications by a Market Participant or agent of a Market Participant to the ISO, including maintenance and outage data, bid data, transaction information, and load and resource information, must be submitted by a responsible company official who is knowledgeable of the facts submitted. All such information submitted must be true, complete, and consistent with the operational plans of the company to the best knowledge of the person submitting the information.
- (b) **Sanctions.** Any violation of this Rule of Conduct for which no Sanction is otherwise specified in this EP shall be subject to a Sanction of up to \$10,000 for each submittal of false information.

**EP 5.2 Inaccurate Meter Data**

- (a) **Expected Conduct.** Market Participants shall provide complete and accurate Settlement Quality Meter Data for each Trade hour and shall correct any errors in such data prior to the issuance of Final Settlement Statements. Failure to provide complete and accurate Settlement Quality Meter Data, as required by Section 10 of the ISO Tariff and that results in an error that is discovered after issuance of Final Settlement Statements, shall be a violation of this rule.
- (b) **Sanctions.** Violations under this EP 5.2 shall be subject to Sanction described in Appendix A to this EP.
- (c) **Disposition of Sanction Proceeds.** For purposes of redistributing collected penalties, any amounts collected under this provision shall be applied first to those parties affected by the conduct. Any excess amounts shall be disposed of as set forth in EP 9.4.

**EP 5.3 Factually Accurate Self-Certifications**

- (a) **Expected Conduct.** Self-certifications provided by Market Participants in accordance with EP 3.2 shall be factually accurate. A violation of this rule shall occur if a self-certification form is incomplete or inaccurate, or if a self-certification form should have been submitted but was not (i.e., services were incorrectly deemed deliverable by operation of EP 3.2).
- (b) **Sanctions.** The Sanction for a violation of this rule shall be \$10,000. A "violation" shall mean each monthly self-certification that is incomplete, inaccurate, or not appropriately filed.

**EP 6 PROVIDE INFORMATION REQUIRED BY ISO TARIFF**

**EP 6.1 Required Information Generally**

- (a) **Expected Conduct.** Except as provided below in EP 6.6 (Review by FERC), all information that is required to be submitted to the ISO under the ISO Tariff, ISO protocols, or jurisdictional contracts must be submitted in a complete, accurate, and timely manner. Market Participants must comply with requests for information or data by the ISO authorized under the ISO Tariff, including timelines specified in the ISO Tariff for submitting Schedules and other information.
- (b) **Sanctions.** Except as otherwise provided below, in EP 6.2 to EP 6.5, a violation of this rule is subject to a penalty of \$500 for each day that the required information is late.

**EP 6.2 Late Schedules**

- (a) **Expected Conduct.** Market Participants shall provide all Preferred Day-Ahead Schedules, Revised Day-Ahead Schedules and Hour-Ahead Schedules by the deadlines specified in the Scheduling Protocol.
- (b) **Sanctions.** No Sanction shall apply to the first 20 late Schedules in a calendar month. For all subsequent late Schedules in the calendar month, a sanction of \$100 per late Schedule shall apply.

**EP 6.3 Investigation Information**

- (a) **Expected Conduct.** Except as provided below in EP 6.6 (Review by FERC), Market Participants must submit timely information in response to a written request by the ISO for information reasonably necessary to conduct an investigation authorized by the ISO Tariff.
- (b) **Sanctions.** The Sanction for a violation of EP 6.3 shall be as follows: for the first violation in a rolling 12-month period, \$1000/day; for the second violation in a rolling 12-month period, \$2000/day; for the third and subsequent violations in a rolling 12-month period, \$5000/day. For purposes of this subsection, a violation shall be each failure to provide a full response to a written request and the Sanction shall be determined from the date that the response was due until a full response to the request is received. A deficiency in response to more than one question or item in a single written request shall be treated as one "violation."

**EP 6.4 Audit Materials**

- (a) **Expected Conduct.** Except as provided below in EP 6.6 (Review by FERC), Market Participants shall comply with the ISO's audit and/or test procedures, and further shall perform and timely submit an annual self-audit as required under the ISO Tariff.
- (b) **Sanctions.** For failure to submit an annual SC Self Audit report, the Sanction shall be \$1000/day until such report is received by the ISO. For all other violations of this rule the Sanctions shall be as follows: for the first violation in a rolling 12-month period, \$1000/day; for the second violation in a rolling 12-month period, \$2000/day; for the third and subsequent violations in a rolling 12-month period, \$5000/day. For purposes of this subsection, a "violation" shall be each failure to provide all information required under the audit or test, from the date that the information was due until all required information is received by the ISO. A deficiency of information with respect to several items or procedures in a single audit or test shall be treated as one "violation."



**EP 6.5 Self-Certification Forms**

- (a) **Expected Conduct.** Market Participants shall submit on a timely basis to the ISO those self-certification forms that are required to be submitted under EP 3.2 for feasible schedules.
- (b) **Sanctions.** For each self-certification form that is 15-29 days late, \$100/day; for each self-certification form that is 30 or more days late, \$500/day starting with day 30.

**EP 6.6 Review by FERC**

A Market Participant who objects to an information, audit or test obligation that is enforceable under EP 6.1, 6.3 or 6.4 above shall have the right immediately (and in all events, no later than the due date for the information) to seek review of the obligation with FERC. In the event that such review is sought, the time for submitting the response or other information to the ISO shall be tolled until FERC resolves the issue.

**EP 7 NO MARKET MANIPULATION**

**EP 7.1 Market Manipulation Generally**

- (a) **Expected Conduct.** Actions or transactions that are without a legitimate business purpose and that are intended to or foreseeably could manipulate market prices, market conditions, or market rules for electric energy or electricity products are prohibited. Actions or transactions by a Market Participant that are explicitly contemplated in the ISO Tariff or are undertaken at the direction of the ISO are not in violation of this Rule of Conduct.
- (b) **Sanctions.** Violations or potential violations of this rule shall be referred to FERC for appropriate sanction.

**EP 7.2 Wash Trades**

- (a) **Expected Conduct.** Market Participants shall not engage in pre-arranged offsetting trades of the same product among the same parties, which involve no economic risk and no net change in beneficial ownership (sometimes called "wash trades").
- (b) **Sanctions.** Violations or potential violations of this rule shall be referred to FERC for appropriate sanction.

**EP 7.3 False Information**

- (a) **Expected Conduct.** A Market Participant shall not engage in transactions predicated on submitting false information to transmission providers or other entities responsible for operation of the transmission grid (such as inaccurate load or generation data; or scheduling non-firm service or products sold as firm), unless the Market Participant exercised due diligence to prevent such occurrences.
- (b) **Sanctions.** Violations or potential violations of this rule shall be referred to FERC for appropriate sanction.

**EP 7.4 Artificial Congestion**

- (a) **Expected Conduct.** A Market Participant shall not engage in transactions in which it first creates artificial congestion and then purports to relieve such artificial congestion, or knowingly undertakes a transaction to nullify the congestion relief the ISO expects when a Dispatch instruction is issued (unless the Market Participant exercised due diligence to prevent such an occurrence).
- (b) **Sanctions.** Violations or potential violations of this rule shall be referred to FERC for appropriate sanction.

**EP 7.5 Collusion**

- (a) **Expected Conduct.** Market Participants shall not engage in collusion with another party for the purpose of manipulating market prices, market conditions, or market rules for electric energy or electricity products (e.g. to knowingly use ETC transmission service after the close of the Hour Ahead Market to reverse the effect of a Supplemental Energy from a System Resource that the ISO exercised to mitigate congestion).
- (b) **Sanctions.** Violations or potential violations of this rule shall be referred to FERC for appropriate sanction.

**EP 8 PROCESS FOR INVESTIGATION AND ENFORCEMENT**

Until further order of FERC (see EP 1.10 above, "Administration of the EP"), the Rules of Conduct specified herein shall be enforced by FERC, in accordance with the Commission's standard rules and procedures. The ISO and its Market Monitoring Staff will refer to FERC and its staff all matters in which it has formed a reasonable belief that a violation of these rules may have occurred.

**EP 9 ADMINISTRATION OF SANCTIONS**

**EP 9.1 Assessment; Waivers and Adjustments**

Penalty amounts for violation of these Rules of Conduct shall be calculated as specified in EP 2 through 7. FERC shall have the authority to waive, reduce or increase a Sanction specified in this EP when it determines that such adjustment is just and reasonable. An adjustment generally shall be deemed appropriate if the prescribed Sanction appears to be insufficient to deter the prohibited behavior, or if the circumstances suggest that the violation was inadvertent, unintentional, or some other mitigating circumstances exist.

**EP 9.2 Excuse**

The following circumstances shall excuse a violation of a Rule of Conduct under the terms of this Protocol:

- (a) **Uncontrollable Force.** No failure by a Market Participant to satisfy the Rules of Conduct shall be subject to penalty to the extent and for the period that the Market Participant's inability to satisfy the Rules of Conduct is caused by an event or condition of Uncontrollable Force affecting the Market Participant; provided that the Market Participant gives notice to the ISO of the event or condition of Uncontrollable Force as promptly as possible after it knows of the event or condition and makes all reasonable efforts to cure, mitigate, or remedy the effects of the event or condition.
- (b) **Safety, Licensing, or Other Requirements.** Failure by a Market Participant to perform its obligations shall not be subject to penalty if the Market Participant is able to demonstrate that it was acting in accordance with Section 2.3.1.2.1 of the ISO Tariff.
- (c) **Emergencies.** Failure by a Market Participant to perform its obligations may not be subject to penalty if the Market Participant is able to demonstrate that it was acting in good faith and consistent with Good Utility Practice to preserve System Reliability in a System Emergency, unless contrary to an ISO operating order.
- (d) **Conflicting Directives.** To the extent that any action or omission by a Market Participant is specifically required by a FERC Order or ISO operating order, the Market Participant may not be subject to penalty for that act or omission.

**EP 9.3 Settlement**

- (a) **Settlement Statements.** The ISO will administer any penalties issued under this Enforcement Protocol through Preliminary Settlement Statements, and Final Settlement Statements issued to the responsible Scheduling Coordinator by the ISO. Before invoicing a financial penalty through the Settlement process, the ISO will provide a description of the penalty to the responsible Scheduling Coordinator. The description shall include the identity of the Market Participant that committed the violation and the amount of the penalty. Where FERC has determined the Sanction, the ISO will provide such of the above information as is provided to it by FERC. The ISO also may publish this information under the ISO Home Page after Final Settlement Statements are issued.
- (b) **Payment.** Except as provided in EP 9.3(c) below, the Scheduling Coordinator shall be obligated to pay all penalty amounts reflected on the Preliminary and Final Settlement Statements to the ISO pursuant to the ISO's Settlement process, as set forth in Section 11 of the ISO Tariff.
- (c) **Other Responsible Party.** Where a party or parties other than the Scheduling Coordinator is responsible for the conduct giving rise to a penalty reflected on a Preliminary or Final Settlement Statement, and where the SC bears no responsibility for the conduct, such other party or parties ultimately shall be liable for the penalty. Under such circumstances, the Scheduling Coordinator shall use reasonable efforts to obtain payment of the penalty from the responsible party(ies) and to remit such payment to the ISO in the ordinary course of the settlement process. In the event that the responsible party(ies) wish to dispute the penalty, or the Scheduling Coordinator otherwise is unable to obtain payment from the responsible parties, the Scheduling Coordinator shall notify the ISO and dispute the Preliminary Settlement Statement. The ISO promptly shall notify FERC. The Scheduling Coordinator shall be obligated to pay the full amount of the Invoice, inclusive of the penalty, unless FERC specifically authorizes the Scheduling Coordinator to net its payment by the amount of the penalty in question. The ISO may refuse to offer further service to any responsible party that fails to pay a penalty, unless excused under the terms of the Tariff or this Enforcement Protocol, by providing notice of such refusal to the Scheduling Coordinator. Following such notice, the Scheduling Coordinator shall be liable for any subsequent penalties assessed on account of such responsible party.
- (d) **Dispute of FERC Sanctions.** The right that a Market Participant may otherwise have under the Tariff or this Enforcement Protocol to dispute a penalty that has been determined by FERC shall be limited to a claim that the ISO failed properly to implement the penalty or other Sanction ordered by FERC.

**EP 9.4 Disposition of Proceeds**

The ISO shall collect penalties assessed pursuant to this EP and deposit such amounts in an interest bearing trust account. After the end of each calendar year, the ISO shall distribute the penalty amounts together with interest earned through payments to Scheduling Coordinators as provided herein. For the purpose of this EP 9.4, "eligible Market Participants" shall be those Market Participants that were not assessed a financial penalty pursuant to this EP during the calendar year.

Each Scheduling Coordinator that paid GMC during the calendar year will identify, in a manner to be specified by the ISO, the amount of GMC paid by each Market Participant for whom that Scheduling Coordinator provided service during that calendar year. The total amount assigned to all Market Participants served by that Scheduling Coordinator in such calendar year (including the Scheduling Coordinator itself for services provided on its own behalf), shall equal the total GMC paid by that Scheduling Coordinator.

The ISO will calculate the payment due each Scheduling Coordinator based on the lesser of the GMC actually paid by all eligible Market Participants represented by that Scheduling Coordinator, or the product of a) the amount in the trust account, including interest, and b) the ratio of the GMC paid by each Scheduling Coordinator on behalf of eligible Market Participants, to the total of such amounts paid by all Scheduling Coordinators. Each Scheduling Coordinator is responsible for distributing payments to the eligible Market Participants it represented in proportion to GMC collected from each eligible Market Participant.

Prior to allocating the penalty proceeds, the ISO will obtain FERC's approval of its determination of eligible Market Participants and their respective shares of the trust account proceeds. If the total amount in the trust account to be so allocated exceeds the total GMC obligation of all eligible Market Participants, then such excess shall be treated in accordance with SABP 6.5.2(b).

**EP 10 MISCELLANEOUS**

**EP 10.1 Time Limitation**

An investigation of events potentially subject to Sanction under this Protocol must be commenced within 90 days of discovery of the events. Sanctions may be assessed under this Protocol up to one year after discovery of the events constituting the violation, but no later than three years after the date of the violation. Nothing in this section shall limit the rights or liabilities of any party under any other provision of applicable laws, regulations or tariff provisions.

**EP 10.2 No Limitation on Other Rights**

Nothing contained in this Protocol shall limit the ability of the ISO to collect information from Market Participants or to establish new provisions pursuant to Section 19 of the ISO Tariff.

**EP 10.3 Amendments**

Amendments to this protocol shall be made pursuant to the ISO Protocol amendment process set forth in Section 16 of the ISO Tariff.

**APPENDIX A**

**1. Method for Calculating Inaccurate Meter Data Penalty**

There is no Sanction for the submission of inaccurate meter data used for Preliminary Settlement Statements. However, an error in submitted meter data that is discovered after issuance of Final Settlement Statements constitutes a Rule of Conduct violation. The level of the Sanction depends on whether the Scheduling Coordinator or the ISO discovered the error. An increased penalty will apply for errors that are discovered by the ISO.

Table A1 below shows how the level of the Sanction depends on the following factors: whether or not the Scheduling Coordinator finds the error; whether or not the Scheduling Coordinator owes the market, and whether or not the ISO reruns settlement of the market. If the ISO reruns the market, then settlement to all Scheduling Coordinators is recalculated, and the impact of such reruns on charges assessed will be considered. A charge equal to 30% of the estimated value of the Energy error will apply if the Scheduling Coordinator discovers the error, or 75% of the estimated value of the Energy error if the ISO discovers the error. Penalty assessment and disposition of penalty proceeds will be administered as described in EP 9.1 and 9.4 respectively. A Sanction will not be imposed unless such Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate meter data.

**Table A1 – Calculation of Inaccurate Meter Data Penalty When There Is A Market Rerun**

Case	Does SC Owe Market?	
Case 1: SC Identifies Inaccurate Meter Data	Yes	Charge = (MWh x Hourly Ex Post Price <sup>1</sup> ) x 0.30
Case 1: SC Identifies Inaccurate Meter Data	No	Charge = (MWh x Hourly Ex Post Price <sup>1</sup> ) x 0.30
Case 2: ISO Identifies Inaccurate Meter Data	Yes	Charge = (MWh x Hourly Ex Post Price <sup>1</sup> ) x 0.75
Case 2: ISO Identifies Inaccurate Meter Data	No	Charge = (MWh x Hourly Ex Post Price <sup>1</sup> ) x 0.75

**Notes to Table A1:**

1 The applicable price will be the greater of the Hourly Ex Post Price or \$10/MWh. The Hourly Ex Post Price used will be the value posted under the ISO Home Page for each Trading Hour of the applicable Trading Day.

**2. Method for Calculating Inaccurate Meter Data Penalty When The Market Is Not Re-Run**

If the Market is not re-run, for cases of inaccurate meter data, Table A2 will be used to determine and allocate the penalty proceeds. This method approximates the financial impact on the market; however, it does not completely reflect all the settlement consequences of inaccurately submitted meter data. This will be considered a market adjustment. The approximated value of the inaccurate meter data in question will be calculated and returned to the Market based on the average of the pro rata share of Unaccounted For Energy (UFE) charged in the UDC territory during the period of the inaccurate meter data event. The 30% or 75% penalty will be distributed as discussed in EP 9.4. For cases where the market is not re-run and the SC does not owe the market, then no market adjustment will be performed.

**TABLE A2- Calculation Of Inaccurate Meter Data Penalty When There Is No Market Re-Run**

Case	Does SC Owe Market?	
		ISO does not perform a market settlement re-run
Case 1: SC Identifies Inaccurate Meter Data	Yes	Market Adjustment = (MWh x Hourly Ex Post Price <sup>1</sup> ) Penalty = (MWh x Hourly Ex Post Price <sup>1</sup> ) x 0.30
Case 1: SC Identifies Inaccurate Meter Data	No	No Market Adjustment will be made Penalty = (MWh x Hourly Ex Post Price <sup>1</sup> ) x 0.30
Case 2: ISO Identifies Inaccurate Meter Data	Yes	Market Adjustment = (MWh x Hourly Ex Post Price <sup>1</sup> ) Penalty = (MWh x Hourly Ex Post Price <sup>1</sup> ) x 0.75
Case 2: ISO Identifies Inaccurate Meter Data	No	No Market Adjustment will be made Penalty = (MWh x Hourly Ex Post Price <sup>1</sup> ) x 0.75



**Notes to Table A2:**

1 The applicable price will be the greater of the Hourly Ex Post Price or \$10/MWh. The Hourly Ex Post Price used will be the value posted under the ISO Home Page for each Trading Hour of the applicable Trading Day.

A Sanction will be imposed only if the Sanction is more than \$1,000 for at least one Trading Day during the period for which there was incomplete or inaccurate meter data.

If the error is to the detriment of the responsible Scheduling Coordinator (e.g., under-reported generation or over-reported load), and the ISO does not rerun the market, then no correction will be made, representing an implicit penalty of 100% of the value of the Energy. If the market is rerun after the error is corrected, then the Scheduling Coordinator will be given credit for the additional Energy through the normal Settlement process. If the Scheduling Coordinator is paid for an error due to a market rerun, then a Sanction will be assessed to assure that market reruns do not diminish the incentive to correct such errors. This Sanction would be 30% of the Energy value of the error if the Scheduling Coordinator discovers the error, or 75% estimated value of the error if the ISO discovers the error.

If the error is to the detriment of the market, then a charge equal to 30% or 75% of the estimated value of the error, as appropriate, will be added to the charge for the Energy. If there is no market rerun, then the cost of Energy supplied by the ISO (and inappropriately charged to the market as Unaccounted for Energy) must be recovered as well, and the charge will be equal to 130% or 175% of the estimated value of the error, as appropriate.