



Western EIM Governance Review

*Governance Review Committee
Part Two Draft Final Proposal*

July 19, 2021

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I. Introduction

The Governance Review Committee (GRC) is an advisory committee charged by the Board of Governors and the Governing Body with developing proposed refinements to the current governance of the EIM. The Board and the Governing Body asked the GRC to lead a public stakeholder process on EIM governance to develop a proposal for the Board and Governing Body to consider.¹

The GRC completed part of its work on April 26, 2021, adopting a Part One Draft Final Proposal. That proposal made recommendations regarding various issues on which there was substantial stakeholder consensus, but deferred action on certain issues that we felt would benefit from further stakeholder input. The Board and the Governing Body approved the GRC's Part One proposal in a joint meeting on May 6, 2021.

In this paper, we present our Part Two Draft Final Proposal, which addresses each of the remaining issues. We generally refer to the remaining issues as the “delegation of authority” issues because they all relate to the Board of Governors’ delegation of certain authority to the Governing Body. This topic concerns what role the Governing Body should play in approving policy initiatives to change market rules embodied in the CAISO tariff, including how that role is shared with the Board and how its scope is defined. It also includes the process used to determine which matters are subject to the two bodies’ shared authority, how to resolve any disputes regarding these determinations, and issues relating to the durability of the delegation, including how the scope of delegation is documented and the process used to make any changes over time.

Throughout the GRC's work, stakeholders have provided extensive comments on all of these topics in response to a series of proposals made by the GRC. With the benefit of those comments, the GRC recently developed a further proposal on delegation of authority issues that focused specifically on two key issues – (1) defining a potential scope of shared authority, and (2) establishing a process to resolve disagreements between the two bodies on whether to approve a matter subject to their shared approval authority. We published this straw proposal on May 12, 2021, and then presented it and heard stakeholder feedback during a public meeting on May 20. As with our previous papers, a broad and diverse set of stakeholders provided extensive comments on the May 12, 2021 Straw Proposal.² In this paper, we discuss those comments and how they led us to further refine our thinking for this Part Two Draft Final Proposal.

As in prior papers, we also include an Appendix for reference purposes, to provide certain background information that is relevant for our proposal, including several topics that

¹ The Board and EIM Governing Body approved a Charter for the GRC that sets forth its role and scope of work, which is available [here](#). The members of the GRC are listed on the Western EIM website [here](#).

² There were 18 sets of stakeholder comments on the May 12, 2021 Straw Proposal – Delegation of Authority Issues, which are available [here](#). The GRC's prior papers and stakeholder comments on each paper are available [here](#).

stakeholders have asked us to address. Appendix A is a summary developed by CAISO legal counsel that discusses certain provisions of the California Corporations Code and federal tax law that we have considered in developing the proposals outlined in this paper. Appendix B is a table of contents for the CAISO tariff that was published with our May 12, 2021 Straw Proposal that shows, on an illustrative basis, how the CAISO's current tariff rules may be divided under the scope of authority definition proposed in this paper. Appendices C and D are a glossary of abbreviations and links to the documents cited, respectively.

II. The Governance Review Committee Initiative

A. Process Followed to Develop the GRC's Proposal

Throughout our work, the GRC has used two main avenues to obtain stakeholder input for our governance proposals. As discussed above, we have prepared written papers that present proposals and solicit written stakeholder input. We also have held a series of public meetings, by videoconference, where GRC members have presented an overview of the committee's work and current proposals and where stakeholders have been invited to ask questions and provide further input.

In addition to these general sessions, the GRC has used both smaller working groups and executive sessions of the full committee to develop our proposals further in response to the input we have received. Each of the working groups has considered specific topics identified in stakeholder comments. These working group sessions have allowed a smaller group of members to delve more deeply into all of the stakeholder comments on each main topic, discuss in depth potential alternatives, and develop preliminary recommendations for consideration by the broader GRC on each of the topics covered in this paper.

Through an iterative process with the working groups, the GRC as a whole has discussed and considered each of the topics covered in stakeholder comments and has developed the draft final proposals set forth in this paper.

It is important to note that the proposals set forth in this paper do not yet constitute a final proposal of the GRC or any of its members. The GRC will not take any final action on these proposals until its next general session meeting, at which time it intends to vote in public session on the package of proposals set forth in this paper. At this public meeting, stakeholders will be afforded the opportunity to comment on the package of recommendations before the GRC takes action to forward the proposal to the Board and the Governing Body for their further consideration and potential approval. This is consistent with the CAISO's Open Meeting Policy, which requires that all formal actions take place in publicly noticed meetings.

B. Principles Adopted to Guide the GRC

As discussed in our prior papers, at the outset of our work one of the GRC working groups focused on developing a set of general principles for the GRC to use to guide its work. The GRC undertook this effort to ensure that the GRC members have a clear and common understanding of what we are attempting to accomplish and how we will perform our work.

These guiding principles, which we presented at the May 5, 2020 public meeting, begin with a single overarching guiding principle, followed by a set of more specific principles that provide additional detail.

The overarching principle states that the GRC shall:

- Ensure that any modifications to the governance of the EIM (and future EDAM) provide stakeholders throughout the West with confidence that the governance structure represents the market as a whole, broadly respects and considers the interests of all stakeholders, and is resilient under a wide range of market conditions.

The more specific principles state that the GRC shall:

- Focus exclusively on issues relating to governance of the EIM and a potential EDAM.
- Seek, where possible, to build upon and refine the existing EIM structure rather than recommending a completely new model.
- Ensure modifications to the governance structure are consistent with the requirements of the CAISO's status as a nonprofit public benefit corporation and any applicable legal requirements.
- Ensure modifications to the governance structure are consistent with the CAISO's Board of Governors' corporate legal obligation to govern, oversee, and manage the affairs of the corporation.
- Ensure that any modifications or enhancements to the Governing Body's role in the current governance structure will promote confidence and support among stakeholders throughout the region in the successful operation of the EIM and potential EDAM.
- Ensure transparency in its process by conducting all meetings in conformance with the CAISO Bylaws and Open Meeting Policy.

There is consensus among that the GRC members that adhering to these high-level principles will help to ensure a successful outcome for our effort.

C. Factors to Consider in Assessing Alternatives

The GRC also has identified in prior papers several factors to consider in connection with evaluating the various alternatives before it. These factors are:

- Whether the alternative aligns with the GRC Principles set forth above;
- The level of resources an alternative may require or any complexity it may introduce;
- The level of stakeholder support for the proposal;
- Whether the alternative is needed for EIM only or EIM/EDAM; and
- Any additional legal or regulatory considerations.

Where applicable, the paper discusses how one or more of these factors may have influenced the GRC's proposed recommendation.

III. Recommendations regarding the Delegation of Authority for Market Rules to the Governing Body, the Decisional Classification Process, and Durability

A. Background on Delegation of Authority and the GRC's Work through the December 14, 2020 Revised Straw Proposal

As we have previously observed, there are two main aspects of the current delegation of authority:

- The scope of market rules that are within the Governing Body's authority to approve (i.e., its "scope of approval authority"); and
- The manner in which the Governing Body's approval authority is shared with the Board (i.e., the "type of shared authority" held by the Governing Body).

Currently, the scope of the Governing Body's approval authority is limited to any changes to real-time market rules that are EIM-specific, meaning that they apply uniquely or differently to EIM balancing authority areas, or any changes to generally applicable real-time market rules where the primary driver for the change is an issue specific to the EIM balancing authority areas. In addition to its approval authority, the Governing Body also has an advisory input role for any other rules that govern participation in the entire real-time market, including rules that specifically govern the real-time market or that generally apply to participation in all CAISO markets.

For matters within the Governing Body's approval authority, the type of shared authority the Governing Body currently holds is called "primary authority" – which means the matter comes first to the Governing Body for approval and, if approved, then goes on the Board's "consent agenda" for approval or, if necessary, for further consideration by the Board.³ The Board, by majority vote, may decide to remove a matter from the consent agenda if it decides the matter warrants its further review, in which case its decision whether to approve the matter is also subject to a majority vote.⁴

³ The Governing Body's scope of approval authority, its advisory role, and the type of shared authority it holds are set forth in more detail in the Charter for Energy Imbalance Market Governance.

⁴ The Board has not to date exercised its authority to remove any such matters from the consent agenda and has instead approved on a consent agenda basis all matters that have received the EIM Governing Body's approval.

In our initial July 31, 2020 Straw Proposal, the GRC proposed changes both to the scope and the type of approval authority. We recommended expanding the scope of issues the Governing Body would consider and moving to a “joint authority” model. The change to joint authority would eliminate the concept of assigning one body the “primary” role for approving certain changes and instead require each body to consider fully any proposals that are within their shared approval authority. This would typically occur at a joint session of the two bodies that would include a single presentation, input from stakeholders and discussion among the two bodies and their members, and a separate vote on the proposal by each body. A majority vote in favor by both bodies would be required for the proposal to be approved for filing at FERC.

Our December 14, 2020 Revised Straw Proposal continued to recommend a joint authority model and provided more detail regarding a potential definition of the scope of topics that would be subject to joint authority.⁵ Specifically, we sought stakeholder comment on two potential scope definitions – Option 1 and Option 2 – both of which would have extended joint authority to cover proposed changes to all real-time or EIM market rules, unless the rules fall within certain specifically identified exceptions. Option 1 would have excluded any such rules that apply either only to the CAISO-controlled grid or only to the CAISO balancing authority area. Option 2 proposed the same exception for rules applying only to the CAISO-controlled grid, but limited the second exception to rules that both apply only to the CAISO balancing authority area and relate to reliable operations.⁶

Comments on the December 14, 2020 Revised Straw Proposal regarding the delegation of authority issues were divided, and it was this division that led us to defer action on the delegation of authority issues. Our reading was that the division stemmed primarily from concerns over the definition of the scope of issues that would fall within joint authority and how any deadlocks between the two bodies would be resolved, but not the joint authority model as such. Accordingly, our most recent May 12, 2021 Straw Proposal assumed a joint authority model and offered refinements on these two topics.

B. The Joint Authority Model in General

⁵ The December 14, 2020 Straw Proposal also addressed four related topics regarding how this new model would work, including:

- (1) A process to resolve potential deadlocks where one body supports a proposal and the other does not;
- (2) A process to address potential “decisional classification” disputes between the bodies over whether a proposal falls within joint authority;
- (3) Whether to include a process for short-term emergency filings without approval by both bodies; and
- (4) Certain “durability” requirements that address the steps the Board must follow to change the delegation of authority.

These topics are each addressed later in this paper.

⁶ See December 14, 2020 Revised Straw Proposal at 11-13.

As noted, under the joint authority model, any proposal to amend the tariff in an area covered by joint authority would go to both bodies for discussion and approval before CAISO staff could move forward with a filing at FERC for approval of the proposed tariff change.

Although the current “primary authority” approach also requires covered issues to go to both bodies for approval, the Governing Body in that context has the primary role for considering the matter and the Board typically reviews it only on a consent-agenda basis, without substantive discussion. Under the joint authority approach, the Board and the Governing Body would jointly consider and approve the proposal after a full substantive discussion of its merits.

To avoid the inefficiency of having two separate meetings to consider such proposals, the GRC further recommended that the Board and the Governing Body meet whenever possible in a single joint session to consider matters that are within their joint authority. After a single presentation from CAISO staff and any stakeholder comments, the two bodies would then each vote separately, with a majority vote from each body constituting approval. The Board and Governing Body already have experience with this approach, which the two bodies used both to approve the GRC charter and establish the membership of the GRC, and more recently used to approve the GRC’s Part One governance proposal in May. We expect these joint meetings would, like the current Governing Body meetings, occur on a rotating basis in Folsom and in other locations throughout the regional EIM footprint, or via video conference where appropriate and contingent on health and safety protocols.

The GRC believes that a joint authority model would bring substantial benefit and we are inclined to retain this fundamental aspect of our original proposal for EIM. We believe this structure will promote collaboration, help to build consensus for any future changes to the market, and ensure a strong foundation that will help to facilitate the growth and development of the EIM. Increasing the scope of shared authority at this juncture is also appropriate in light of the strong commitment that stakeholders have demonstrated over the last seven years to the success of EIM, both in areas of California that are outside the CAISO balancing authority area and throughout the West.

The diverse stakeholder comments responding to the December 14, 2020 Straw Proposal were followed by a more favorable response to the May 12, 2021 Straw Proposal. Many commenters point to the virtues of joint authority.⁷ We thus reaffirm our support for the joint authority model and move on to the scope of issues that would fall within joint authority.

⁷ See, e.g., comments on the May 12, 2021 Straw Proposal submitted by the Joint Commenters (joint authority as proposed is an important foundation for future partnerships across the West), and the Northwest Requirements Utilities (the “proposal appears to be a carefully crafted compromise that all parties should treat as reasonable”).

C. The Scope of the Delegation

(i) The May 12, 2021 Straw Proposal on Scope of Authority: The “Applicability” Rule

In the May 12, 2021 Straw Proposal, the GRC proposed a new approach to defining the scope of authority that focuses on whether or not the tariff rule in question applies to EIM Entities or market participants within EIM Entity balancing authority areas. Under this proposal, the joint authority scope would be defined as follows:

Joint authority extends to all proposals to change or establish any CAISO tariff rule(s) applicable to the EIM Entity balancing authority areas, EIM Entities, or other market participants within the EIM Entity balancing authority areas, in their capacity as participants in EIM. This scope excludes from joint authority, without limitation, any proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.

This definition would establish a clear and straightforward rule that is easier to interpret and apply than the previous definitions we have considered. If a rule applies to an EIM Entity or to market participants within an EIM Entity BA in their capacity as EIM participants, then it is subject to joint authority. If a rule does not apply to such entities in that context, then the approval authority is held solely by the Board.⁸

This “does it apply” rule is more workable than proposals that would attempt to assess the extent to which a rule or set of rules may indirectly affect or impact market participants that are not actually subject to the rule. An existing section of the tariff provides guidance for this approach.

By way of background, the CAISO’s tariff is divided up into a high-level set of sections, numbered 1 through 44, and appendices that collectively cover virtually all aspects of the CAISO’s operations. One of those sections – Section 29, entitled “Energy Imbalance Market” – is devoted to the EIM. This Section sets forth the extent to which each of the other broad sections of the tariff either applies or does not apply to EIM Entities or other market participants within the EIM Entity balancing authority areas. Section 29 does this through a combination of general rules of incorporation and exclusion, followed by a series of subsections that either state in detail which specific aspects of the broader tariff apply to EIM Entity balancing authority areas or, in some cases, set forth additional standalone rules that apply only to the EIM Entity balancing authority areas. Also, we note that Section 29.1(b)(2)(C) incorporates applicable provisions beyond those referenced elsewhere in Section 29.

Under a proposal where joint authority is defined by whether a rule applies to EIM Entities or market participants within EIM Entity balancing authority areas, Section 29 would operate as a

⁸ The GRC also proposes that the EIM Governing Body continue to have an advisory role on certain matters that are outside its joint authority and thus not subject to its approval. The scope of this advisory authority is discussed later in this paper.

key dividing line between the topics that fall within the two bodies' joint authority and those topics where changes can be approved by the Board alone.

Proposed changes to Section 29 would be subject to joint authority, as would all of the other tariff rules that Section 29 identifies as applicable to EIM Entities or market participants within EIM Entity balancing authority areas. All other tariff rules, including all rules that apply only to the CAISO balancing authority area or to the CAISO-controlled grid, would remain within the sole authority of the Board.

To illustrate the types of topics that would be within joint authority under this approach, a copy of the table of contents for a recent version of the CAISO's tariff is attached at Appendix B of this paper. This document was prepared by CAISO staff at the direction of the GRC and was included as an attachment to the GRC's May 12, 2021 Straw Proposal. At each section level, notes have been added in red that indicate whether all or any portion of the section would be subject to joint authority under the definition proposed by the GRC. The term "N/A" or "not applicable" is used to identify sections of the tariff that would not be subject to joint authority and thus would remain within the exclusive authority of the Board. The notes also illustrate, where applicable, the extent to which a section of the tariff would be wholly or partially within joint authority or not applicable. This document is an illustrative working draft that is based on a snapshot of the tariff and is meant only to provide a general sense of how the current tariff rules would be divided under the "does it apply" rule set forth above. The CAISO tariff is a highly detailed and constantly evolving document that changes substantially over time in both content and structure. It thus is not practical to use a table of contents of the tariff at any given point in time to establish a fixed and binding classification of the topics contained under each heading. Although this attachment provides a high-level snapshot of how the GRC's proposed rule would work, the definition of joint authority contained in the rule itself would dictate whether or not each individual policy initiative or its components is subject to joint authority.

We discuss in Section III.D below the details of how the "decisional classification" process currently works for each CAISO policy initiative and how it would work in the context of joint authority. This process has been, and will continue to be, a public process in which public stakeholder comments play a critical role in establishing the proper classification for each policy initiative.

As the attached table of contents document illustrates, there are various sections of the current tariff in addition to Section 29 that generally would fall within joint authority, either wholly or in part. These sections would include, among others, the tariff sections devoted to:

Communications (Section 6 – partially joint), Metering (Section 10 – partially joint), CAISO Settlements and Billing rules (Section 11 – partially joint), Creditworthiness (Section 12 – partially joint), Dispute Resolution (Section 13 – wholly joint), Uncontrollable Force, Indemnity, Liabilities, and Penalties (Section 14 – wholly joint), Confidentiality (Section 20 – partially joint), CAISO Markets and Processes (Section 27 – partially joint), Bid and Self-Schedule Submission for all CAISO Markets (Section 30 – partially joint), the Real-Time Market (Section 34 – partially joint), Market Validation and Price Correction (Section 35 – partially joint), Rules of Conduct (Section 37 – partially joint), Market Power Mitigation Procedures (Section 39 – partially joint), and the Flexible Ramping Product (Section 44 – wholly joint).

There are also, various sections of the current CAISO tariff where changes generally would remain solely for the Board to approve, and are thus designated as “Not Applicable.” As the attached document shows, these would include, among others, the sections devoted to: Access to the CAISO Controlled Grid (Section 2), Black Start and System Restoration (Section 5), Ancillary Services (Section 8), Existing [Transmission] Contracts (Section 16), Transmission Ownership Rights (Section 17), Reliability Coordinator [Service] (Section 19), Categories of Transmission Capacity (Section 23), the Comprehensive Transmission Planning Process (Section 24), Interconnection of Generating Units and Facilities (Section 25), Transmission Rates and Charges (Section 26), Inter-SC Trades (Section 28), the Day-Ahead Market (Section 31), Congestion Revenue Rights (Section 36), Resource Adequacy Demonstration for all SCs in the CAISO BAA (Section 40), Procurement of RMR Resources (Section 41), and the Capacity Procurement Mechanism (Section 43A). In addition, there are several sections that would be almost entirely within the Board’s sole authority, including System Operations Under Normal and Emergency Conditions (Section 7) and Outages (Section 9).

(ii) Discussion of Stakeholder Comments on the Scope of Joint Authority and the GRC’s Recommendation

There is considerable stakeholder support for the GRC’s scope of authority proposal,⁹ though some commenters propose refinements¹⁰ or seek clarification on certain aspects of the proposal.¹¹

The stakeholders who support the proposal generally believe it will enhance regional confidence and support in EIM by ensuring that the EIM Governing Body has a shared role in approving policy initiatives that will establish or change rules that apply to EIM participants. These commenters also generally agree that the rule itself will be easier to administer and more straightforward than prior concepts considered by the GRC. Although the proposed scope of joint authority is not as broad as some of these commenters would like, it is generally viewed as an improvement over the current primary authority definition. Some of these commenters also note that their support for this rule applies specifically in the context of EIM and that further refinements may be required in the context of a potential future EDAM.

⁹ *See generally* comments on May 12, 2021 Straw Proposal submitted by Bonneville Power Administration, Chelan County Public Utility District, Joint Commenters, Joint EIM Entities, Northwest Requirements Utilities, NV Energy, Pacific Gas & Electric, POU EIM Entities, Powerex Corp, Public Generating Pool, Public Interest Organizations, Public Power Council, Six Cities, and Western EIM Body of State Regulators.

¹⁰ *See generally* comments on May 12, 2021 Straw Proposal submitted by CPUC Public Advocates Office, and Southern California Edison.

¹¹ *See generally* comments on May 12, 2021 Straw Proposal submitted by CPUC Energy Division, and Pacific Gas & Electric.

The stakeholders whose support is more qualified fall into two camps. PG&E and the CPUC Energy Division request clarification regarding how the joint authority definition would apply to certain topics covered in recent policy initiatives, while SCE and the CPUC Public Advocates Office ask the GRC to consider carving out certain exceptions to the rule.

Specifically, PG&E seeks clarification that the joint authority definition would not apply to the transmission priority issues addressed in the CAISO's recent Load, Exports and Wheeling Priorities policy initiative. Both PG&E and the CPUC Energy Division also seek clarification that, in the context of market power mitigation, joint authority would apply only to market power mitigation rules that actually apply to the EIM balancing authority areas and not to any market power mitigation rules that apply exclusively to the CAISO balancing authority area such as the current system market power mitigation rules.

With respect to the requested clarification, the GRC can confirm that the joint authority definition, as set forth above, would not include the transmission priority issues addressed in the CAISO's recent Load, Exports and Wheeling Priorities policy initiative. Although that proceeding addressed scheduling priorities for imports, wheels, and exports in the CAISO's day-ahead and real-time markets, the tariff rules established in that proceeding do not apply to EIM transactions, but rather apply only to transactions that are scheduled on the CAISO-controlled grid in the CAISO's traditional real-time market. While these new rules may apply to utilities who engage in such transactions and who happen also to be EIM Entities or EIM market participants, the proposal would not be subject to joint authority because these new rules do not apply to those entities "in their capacity as participants in EIM." The GRC included this quoted language in its proposed rule in part to distinguish between tariff rules that apply to EIM transactions and those that apply to traditional imports, exports and wheels that take place outside of EIM.

The GRC can further confirm that, for market power mitigation rules, joint authority would apply only for market power mitigation rules that actually apply to EIM Entities or EIM market participants and not to market power mitigation rules that apply exclusively to the CAISO balancing authority area. As PG&E and the CPUC Energy Division correctly note, the CAISO's system market power mitigation rules currently apply only to the CAISO balancing authority area and thus are not subject to joint authority. The decisional classification for any future changes to the system market power mitigation rules would depend on whether the proposed new rules would continue to apply only to the CAISO balancing authority area or whether they would apply to the EIM Entity balancing authority areas as well. Joint authority would apply only if the proposal sought to establish new system market power rules that apply to the EIM balancing authority areas. In contrast to the CAISO's current rules for system market power mitigation, the CAISO's rules for local market power mitigation currently apply both to the CAISO and the EIM Entity balancing authority areas, and thus fall within our joint authority definition.

SCE and the CPUC Public Advocates Office each identify several core topics that they believe are of particular importance to the CAISO Balancing Authority Area and thus should be excluded from joint authority, regardless of how any particular policy initiative would otherwise be classified under the definition itself. The GRC does not believe that adding such carve outs would be appropriate for several reasons.

First, we are concerned that adding exceptions would undermine the fundamental premise of the rule, which is that EIM Governing Body should have a shared approval role for changes to tariff rules that actually apply to the EIM Entities and market participants in EIM balancing authority areas in their capacity as EIM participants. This concept provides important assurance for how decisions on market rules will be made.

Second, we believe that adding an overlay of exceptions would increase complexity and potentially give rise to disputes regarding how the various exceptions interrelate with the overarching rule. It also could open the door for additional exceptions, which would further undermine the stability and reduce the confidence of market participants.

Finally, we believe that the underlying concern that joint approval authority could prevent critically important changes from advancing is very unlikely and is addressed by other protections that are established in our proposal. Because both the Board and the Governing Body have a broad mission to consider the interests of all market participants and because the success of the market depends on ensuring that those interests are appropriately considered, it is unlikely that either body would seek to block a proposal based upon a narrow set of factional interests. And if such a circumstance were to come to pass, the matter could be addressed either through the provisions for breaking approval deadlocks or through the process for revising the delegation of authority, both of which are discussed below.

In sum, we continue to support the scope of authority definition set forth in the May 12, 2021 Straw Proposal. We believe it is a balanced approach that will promote consensus building across the EIM market. It also should be easier to administer than the current primary authority construct.

(iii) The Governing Body's Advisory Authority

During the May 20, 2021 workshop and in post-workshop comments, some stakeholders recommended that the GRC consider adding an advisory role for the Governing Body.¹² Under the current delegation of authority rules, the Governing Body has, in addition to the issues over which it holds shared approval authority, a defined scope of issues over which it may provide advisory input. For proposed tariff changes on topics within the Governing Body's advisory authority, it has an opportunity to provide any advisory input it deems appropriate before the proposal is decided by the Board.

We agree that it will be valuable for the Governing Body to continue to have the ability to provide advisory input to the Board. Specifically, we propose that this advisory role extend to all proposals to change or establish any tariff rules that would apply to real-time market but that are not within joint authority. Additionally, the Board may request, with sufficient time in advance of a decision, an advisory opinion from the Governing Body on any other matters that it believes

¹² See comments on May 12, 2021 Straw Proposal submitted by Chelan County Public Utility District, Public Generating Pool, Public Interest Organizations, Public Power Council, Southern California Edison, and Western EIM Body of State Regulators.

substantially affect the operation of the CAISO markets or may otherwise warrant input from the Governing Body.

This proposal will ensure that the EIM Governing Body has an opportunity to provide formal input on all proposals to change real time market rules, including those rules that may significantly impact market participants in EIM balancing authority areas but that do not directly apply to them in their capacity as EIM participants. This definition will ensure, for example, that the EIM Governing Body is able to provide advisory input on market power mitigation rules for the real time market that are outside the scope of joint authority. It likewise will ensure that the EIM Governing Body can choose to provide advisory input on transmission priority issues that apply to scheduling in the real-time market, such as the rules established in the CAISO's recent Load, Exports and Wheeling Priorities policy initiative.

D. Other Issues Related to the Delegation of Authority

In this section, we address several matters that the GRC has addressed in depth in prior papers that directly relate to the delegation of authority.

(i) Process for Resolving Potential Deadlocks

For proposed changes to tariff sections that are subject to joint authority, and thus require approval by a majority of both bodies, a process is needed for instances when the Board and the Governing Body do not reach the same decision about an initiative. While the current delegation of authority model does not include such a process, our straw proposals from July and December of 2020 recommended the following three-step dispute resolution process to address such deadlocks:

- *Step 1 – Articulation of Concerns.* First, at the initial public meeting where the two bodies convene to consider the proposal, those Governing Body or Board members who do not support the proposal would articulate the concerns that gave rise to the remand of the issue. A discussion would then ensue during the meeting among the members of both bodies to explore the extent of their differences and consider potential ways to address the areas of disagreement. Stakeholders also would be encouraged to share their views during this discussion on potential ways to address the areas of disagreement.
- *Step 2 – Remand for Further Stakeholder Process.* With the benefit of that discussion, the matter would then go back to CAISO staff, who would commence another round of the public stakeholder process with the goal of exploring ways to address the identified concerns and to establish a revised proposal for the two bodies to consider. Stakeholders would have an opportunity to review staff's revised proposal and submit written comments before the matter goes back to the two bodies for further review. The matter would then come back to the two bodies for their further consideration in a joint public meeting, at which time both bodies would discuss and then vote on the revised proposal once again. If both bodies approve the revised proposal, then staff would be able to move forward with filing the proposal at FERC.
- *Initially Proposed Step 3 – Potential “Dual Filing.”* If the two bodies instead continue to disagree, then two options would be available. The two bodies could decide to remand

the matter back to staff for another attempt to develop through the stakeholder process a proposal that would satisfy both boards. Alternatively, the two bodies could opt to develop and approve two different versions of the proposal, which staff would then both be submitted to FERC for its consideration.

While we proposed this “dual filing” approach as a possible way to assure that the CAISO could submit a filing to FERC in circumstances where a market rule change is necessary, there was concern that this approach would place policy decisions in the hands of FERC rather than the two bodies and Western stakeholders. Because of both that concern and significant stakeholder opposition to any “dual filing” at FERC,¹³ we have since developed an alternative Step 3 that would avoid a dual filing. A version of this alternative was set forth in the GRC’s May 12, 2021 Straw Proposal and received generally favorable stakeholder comment. The following is a slightly revised version of the May 12 proposal that makes two changes in light of the stakeholder comments we received:

- *Final Recommended Step 3 – Exigent Circumstances Filing Exception.* If after going through the dispute resolution process the two bodies are unable to agree on approving a single proposal, they can jointly decide to abandon the proposal or jointly agree, with input from CAISO management, on another remand to the stakeholder process. Alternatively, the Board alone may authorize a FERC filing if, and only if, all of the following conditions are met:
 - (i) The Board, by unanimous vote, makes a finding that the two bodies have reached an impasse and that exigent circumstances exist such that a revision to the tariff is critical to preserve reliability or to protect market integrity. Unless the circumstance is so time critical as to require immediate action, this finding may be made only after at least one remand has occurred in an attempt to reach a proposal that both bodies approve. In such a time-critical circumstance where there is not sufficient time to complete at least one remand, the Board may by unanimous vote approve such a filing on an expedited basis without completing the remand process. The Board must set forth the basis for any and all of its findings justifying exigent or time critical circumstances in writing.
 - (ii) If the Board authorizes such a filing, the CAISO would be required to include in its FERC filing whatever written opinion or other statement the Governing Body may want to offer regarding the proposal.
 - (iii) The Governing Body would have a right, at its discretion, to retain outside counsel to assist in preparing any such written opinion or statement on the proposal.

¹³ See comments of PG&E and SCE on December 14 Revised Straw Proposal; *accord* comments of PGP on December 14, Revised Straw Proposal (raising questions and concerns about the details of the proposal).

As discussed in our May 12, 2021 Straw Proposal, this process will ensure the CAISO retains a pathway to file a tariff amendment if an impasse has been reached but there is a critical need to move forward with some change. It is structured, however, as a last resort that generally would be available only after an exhaustive effort to identify a proposal that both bodies can approve. The proposal also ensures that the Governing Body would have both the opportunity and the means to present to FERC any issues or concerns it may have with a proposal that is brought forward under this narrow exception, by drafting an opinion on the issue to be included with the filing.

As noted, we have made two revisions to our May 12, 2021 Straw Proposal in response to stakeholder comments.

We have added a requirement, suggested by one commenter¹⁴ that the Board issue a written explanation for its findings when it exercises the exigent circumstances provision described above. Given the importance of the matter and our expectation that this provision will be used only in very rare circumstances, we think this additional requirement is a worthwhile addition. The requirement will help to ensure that the record is clear and that all parties fully understand the factual basis for the Board's action.

We have also added, in response to several stakeholders' comments,¹⁵ additional language to the exigent circumstances provision to make clear that in an emergency where the time sensitivity is too great to allow for a remand to occur, the Board can make such a finding and allow a filing to go forward. This will ensure that there is a path forward for filing at FERC in an extraordinary case where time simply does not permit completing the full dispute resolution process. We further include a requirement that the Board's finding of such an emergency must be unanimous. This is meant to ensure that the provision is used only as a last resort and in cases where the urgency is clear.¹⁶

(ii) Short-Term Emergency Filings

The CAISO's current EIM governance includes an emergency filing provision for matters within the Board and the Governing Body's shared authority that allows CAISO staff to secure the approval of only one of the two bodies when a temporary amendment to the tariff is urgently needed either to prevent market manipulation or to address an imminent threat to reliability of the grid.¹⁷ Unlike the provision discussed above, the existing provision does not involve a

¹⁴ See BPA Comments on the May 12, 2021 Straw Proposal.

¹⁵ See comments on the May 12, 2021 Straw Proposal submitted by California Community Choice Association, CPUC Energy Division, CPUC Public Advocates Office, Six Cities, and Southern California Edison.

¹⁶ There were several other refinements to the dispute resolution proposal raised by individual stakeholders that the GRC has decided not to adopt. Those proposals are addressed in the matrix of stakeholder comments that the GRC is issuing along with this paper.

¹⁷ See Charter § 2.2.3.

circumstance where there is a disagreement between the two bodies as to whether the filing should go forward. It instead focuses only on a potential situation where there may be a timing urgency such that filing must be made before both bodies can even be consulted.

In our December 14, 2020 Straw Proposal, we expressed doubt about whether such a provision continues to be needed. The CAISO has never had any need to invoke the current provision and does not even have such a provision for matters that are subject to approval only by the Board. Although convening both bodies for an in-person meeting may be challenging in some cases, it should not be particularly challenging to convene a quorum of both bodies by WebEx or teleconference when an urgent matter so requires.¹⁸ Moreover, the joint authority construct will make this process easier because there will no longer be a need to set up two separate meetings that occur on a serial basis. The CAISO's open meeting rules also contemplate the potential need for emergency meetings and allow such meetings to occur on shortened notice.¹⁹

For all of these reasons, the GRC reaffirms its prior recommendation to remove this provision going forward.

(iii) The Decisional Classification Process

The process through which the CAISO determines the policy initiatives that are subject to the Governing Body's approval and, if necessary, resolves any disputes regarding those decisional classification determinations is described in the Guidance Document.²⁰

This public process begins early in each policy initiative. The first step involves CAISO staff making a preliminary decisional classification recommendation at the earliest possible stage in each stakeholder process and seeking stakeholder comments on the proposed classification. On an iterative basis throughout the course of each stakeholder process, staff may modify or refine this proposed classification in response to stakeholder comments or to changes to the substance of the proposed initiative. Staff also publicly reports quarterly to the Governing Body on the status of its ongoing stakeholder proceedings, including on the preliminary decisional classification for each proceeding.

At the conclusion of each stakeholder process, before any proposed tariff amendment is submitted for approval, staff reports the proposed final classification to the chairs of the Governing Body and the Board, along with any stakeholder objections to the classification that were made in comments on the draft final proposal. This notification appears in a public notice that is posted on the CAISO's website and includes the date by which any comments on the

¹⁸ When the current provision was established, the use of WebEx or teleconferences for CAISO board meetings was uncommon. Over the last several years, and particularly during the COVID-19 pandemic, such remote meeting technologies have been successfully used and are now quite commonplace.

¹⁹ See Open Meeting Policy §12.3.

²⁰ See Guidance Document pp. 6-8.

classification are due back from the two chairs. If neither chair objects to the proposed classification, then it becomes the final classification used to obtain approval for the initiative.

If either chair objects to the proposed final classification, the two chairs will confer together and if necessary with CAISO staff to attempt to resolve the matter. If the chairs are unable to reach agreement, then a dispute resolution process is triggered that involves the two bodies meeting together as a “committee of the whole” to decide the proper classification, after providing all stakeholders an opportunity to submit further comments on the proposed classification. The decision is then made by a vote of the combined members of both bodies, with the majority prevailing. In the event of a tie vote, the chair of the Board breaks the tie.

Stakeholders commented about the voting rules during final step in the process, when both bodies meet as a committee of the whole to resolve a dispute about the classification of an initiative. The CPUC Energy Division suggests modifying the rule that each member will have one vote, so that the two bodies have an equal number of total votes if one of the bodies does not have its full membership of five at that time. We agree that the purpose of the rules is to ensure that the two bodies have an equal number of total votes. Thus, we recommend adjusting the voting rules to increase the weight of the votes of the members of a body that has less than its full membership such that each body has five votes.

Otherwise, after considering the comments, the GRC recommends maintaining the decisional classification process as currently designed. It is a collaborative public process that provides many opportunities for both bodies and all stakeholders to provide their input, and it has successfully produced final classification decisions that are well reasoned and enjoy wide support.

E. Durability of the Delegation of Authority

Our initial Scoping Paper asked for comment on whether there was a need to enhance the durability of the delegation of decisional authority to the Governing Body. Enhancing the durability of the delegation would mean changing the process and circumstances for making further modifications to the CAISO’s governing documents that establish both the scope and type of delegation the Board has made to the Governing Body. Many stakeholders expressed support for increasing the durability of the delegation as a means to ensure stability and give stakeholders confidence that this key aspect of the governance structure will not rapidly change.

Currently, the scope and type of delegation are set forth in different documents that have slightly different provisions for how the relevant provisions may be changed. The *scope* of that delegation is set forth primarily in the Charter, which can be modified by a majority vote of the Board after obtaining advisory input from the Governing Body.²¹ The *type* of delegation given to the Governing Body (i.e., “primary authority” or advisory input) is currently set forth primarily

²¹ See Charter § 8.

in the CAISO's bylaws, and can be changed either by a vote of at least two-thirds of the members of the Board or by majority vote of both the Governing Body and the Board.²²

We recommend four steps to enhance the durability of the delegation. First, unless it has the support of a majority of the Governing Body, a unanimous vote of the Board should be required for any changes to governance that would change the scope or type of the Governing Body's delegated authority.²³ Second, before adopting any such measures, the Board should first request stakeholder input and then consider and specifically address any advisory input the Governing Body, RIF, or the BOSR may provide. The purpose of this feedback and the next two steps is to encourage a thorough and robust discussion between the two bodies before moving forward with a unilateral change to the delegation of authority

Third, there should be a short period for the Board and Governing Body to attempt to work out any differences. Specifically, if the EIM Governing Body provides advisory input that does not support the change being considered and the Board does not decide to abandon the proposal, a 45-day period would begin during which the two bodies would hold a public meeting to discuss the proposal and further work together to attempt to identify a mutually acceptable resolution. If that effort is unsuccessful, then the Board may consider the proposal.

Fourth, if the Board unanimously votes to approve the proposal, a notice period for implementing the change would begin to run immediately thereafter for a period that is equal in length to any notice period that EIM Entities may have for withdrawing from the EIM. Thus, for example, since the EIM market design currently includes a 180-day withdrawal notice period for EIM Entities, a 180-day notice period likewise would apply before any potential changes to the delegation of authority could take effect. This notice period would not begin to run until after the Board has formally approved the proposed modification.

We continue to believe there should be an exception to these procedural requirements in the event that a large number of EIM Entities give notice that they intend to withdraw from the EIM. The purpose of the exception would be to permit the Board to narrow the delegation of authority more quickly in such a circumstance, which would in turn make it easier to work through the process for making any changes in market rules needed to adjust for a fundamentally different EIM. Specifically, if a large proportion of the EIM Entities have given a notice of intent to withdraw, then the Board would have the discretion, by unanimous vote, to return the delegation

²² See Bylaws Article IV, Section 1 and Article IX, Section 3.

²³ This would apply to all provisions in governing documents that address the delegation of authority, including the bylaws, the Charter or any other document. Thus, the provisions discussed above that are currently set forth in the bylaws and the Charter would need to be amended to be consistent with this proposal.

of authority that exists today without waiting for the 180-day notice period or the 45-day negotiation period to elapse.²⁴

Our December 14, 2020 Revised Straw Proposal proposed such an exception to be triggered if EIM Entities representing 85% of the highest annual net energy for load (NEL)²⁵ in the participating balancing authority areas outside of CAISO balancing authority area have given notice of their intent to withdraw. Several stakeholder comments on the May 12, 2021 Straw Proposal stated that this threshold was too high.²⁶ After reviewing the issue, we agree that the previous threshold could be met with just a few large entities remaining and have decided to lower this threshold. Based on our review of the current total NEL within the EIM, we recommend reducing the trigger threshold for this exemption to 75%. This would allow the delegation of authority to be narrowed without waiting for the 45-day and 180-day periods to elapse upon receiving notice that a substantial majority of the load will be leaving the EIM, but would require the established timelines to be used if there will continue to be a significant amount (25%) of load served by EIM.

IV. Summary of Recommendations

For ease of reference, the following is a chart that summarizes the recommendations the GRC has made throughout this paper:

Issue	Recommendation
Delegation of Authority for Market Rules	<ul style="list-style-type: none"> • Scope of joint authority – Governing Body and Board have joint authority over all proposals to change or establish any CAISO tariff rule(s) applicable to the EIM Entity balancing authority areas, EIM Entities, or other market participants within the EIM Entity balancing authority areas, in their capacity as participants in EIM. This scope excludes any proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.

²⁴ If the Board wanted instead to eliminate the delegation of authority or to narrow it in some other way besides returning it to its current scope, then it would need to follow the more extended process that generally applies, with both the 45-day negotiation period and the 180-day notice period.

²⁵ We propose using net energy for load (NEL) because this is a readily available metric that is defined by NERC and is tracked for all balancing authority areas in the Western Interconnection.

²⁶ See comments on the May 12, 2021 Straw Proposal submitted by CPUC Energy Division, PG&E and the Six Cities. See also the comments of the Western BOSR (stating that lower threshold would also be workable).

	<ul style="list-style-type: none"> • Joint authority meeting process – Governing Body and Board must each approve by a majority vote any proposals within their joint authority. • Approvals would occur during joint meetings of the two bodies, which will occur throughout the market footprint (or virtually).
<p>Governing Body’s Advisory Authority</p>	<ul style="list-style-type: none"> • The Governing Body should be able to provide advisory input on all proposals to change or establish any tariff rules that would apply to real-time market but that are not within joint authority.
<p>Process for Resolving Potential Deadlocks</p>	<ul style="list-style-type: none"> • Process for resolving deadlocks – Establish an iterative process that involves going back to stakeholders for further policy development if the two bodies do not agree on whether to approve a proposal within their joint authority and use this remand process unless both bodies agree to abandon the proposal. • If after one remand the bodies do not agree on whether to approve the proposal, the two bodies can jointly decide to abandon the proposal or jointly agree on another remand to the stakeholder process. • Alternatively, the Board alone may authorize a FERC filing if, all of the following conditions are met: <ul style="list-style-type: none"> (i) The Board, by unanimous vote, makes a finding that the two bodies have reached an impasse and that exigent circumstances exist such that a revision to the tariff is critical to preserve reliability or to protect market integrity. Unless the circumstance is so time critical as to require immediate action, this finding may be made only after at least one remand has occurred in an attempt to reach a proposal that both bodies approve. In such a time-critical circumstance where there is not sufficient time to complete at least one remand, the Board may by unanimous vote approve such a filing on an expedited basis without completing the remand process. The Board must set forth the basis for any and all of its findings justifying exigent or time critical circumstances in writing.

	<p>(ii) If the Board authorizes such a filing, the CAISO would be required to include in its FERC filing whatever written opinion or other statement the Governing Body may want to offer regarding the proposal.</p> <p>(iii) The Governing Body would have a right, to retain outside counsel to assist in preparing any such written opinion or statement on the proposal.</p>
Short-Term Emergency Filings	<ul style="list-style-type: none"> • The GRC reaffirms its prior recommendation to remove this existing provision going forward. • The CAISO’s open meeting rules also allow for emergency meetings to occur on shortened notice.
The Decisional Classification Process	<ul style="list-style-type: none"> • The CAISO should maintain its current process as it is working as intended, with one revision. • The revision is to add voted weighting role for decisions made by the combined Board and Governing on decisional classification disputes to address situations where either the Board or the Governing Body has less than the full complement of its five members at the time of such a decision.
Durability	<ul style="list-style-type: none"> • A proposal to change the scope or type of delegation would require a unanimous vote of the Board (unless also supported by a majority of the Governing Body) and would be made only after considering any advisory input from Governing Body, the BOSR, RIF and stakeholders. • If the Governing Body opposes the change, there would be a 45-day period for the Board and Governing Body to work out any differences. • If the Board unanimously votes to approve the proposal, a notice period for implementing the change would begin to run immediately thereafter for a period that is equal in length to the notice period that EIM entities may have for withdrawing from the EIM market (currently 180-days). • Board has the ability, by unanimous vote, to revert the delegation of authority back to its current narrower scope without waiting for the 45-day and 180-day periods to elapse, if EIM Entities representing 75% or

	more of the net energy for load in the EIM outside of CAISO balancing authority area have given notice of their intent to withdraw.
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V. Next Steps

The GRC has scheduled a meeting for August 2, 2021, at which it will take final stakeholder comment on this proposal and vote on whether to approve and submit this Part Two Draft Final Proposal to the Board and Governing Body for their consideration. If approved by the GRC, we anticipate that it then will be submitted and presented to the Board and the Governing Body for their consideration during a special joint session meeting likely to be held in August 2021.

Appendix A: Overview of Legal Issues Relevant to Governance

(Prepared by CAISO staff)

A key component of EIM governance is the Governing Body’s role in approving CAISO filings under Section 205 of the Federal Power Act. This Appendix reviews certain legal requirements that restrict CAISO’s ability to delegate authority. These include limitations arising from both general corporate law, as well as from restrictions that apply uniquely to the CAISO by virtue of its tax-exempt status and the California statutes that govern it.

General Corporate Law Considerations

As the board of directors for the corporation, the CAISO Board of Governors is legally responsible for all corporate activities, which must be under its “ultimate supervision.” For CAISO, the primary source of this obligation is Section 5210 of the California Corporations Code, which governs nonprofit, public benefit corporations. It states, in part, that “the activities and affairs of a corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board.” This language, and in particular the phrase “or under the direction,” recognizes that corporate boards ordinarily cannot directly exercise every aspect of their corporate powers and thus may delegate responsibility to employees and others in order to operate. But when a board delegates, it remains accountable for corporate activities, and therefore must have ultimate control over them. Section 5210 makes this point expressly, further stating that: “The board may delegate the management of activities of the corporation to any person or persons, management company, or committee however composed, *provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.*”²⁷

The requirement that “all corporate powers shall be exercised under the ultimate direction of the board” is an accountability provision, highlighting the board’s fiduciary obligations to the company. This accountability is an explicit condition of a board’s authority to delegate, meaning that a board may delegate performance of corporate actions, but not the *responsibility* for those actions. A board discharges its fiduciary obligations to the company through its oversight and supervision for the actions, and these duties may not be handed over to others.

²⁷ Italics added. The full text of Corporations Code § 5210 reads:

Each corporation shall have a board of directors. Subject to the provisions of this part and any limitations in the articles or bylaws relating to action required to be approved by the members (Section 5034), or by a majority of all members (Section 5033), the activities and affairs of a corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board. The board may delegate the management of the activities of the corporation to any person or persons, Management Company, or committee however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.

To illustrate, a board may hire a CEO and other officers to manage a business. But the board remains responsible and accountable for what these officers do, including, for example, for the strategy undertaken to meet the corporation's fundamental objectives and for how corporate resources are allocated and deployed. Failure to provide guidance to the officers, monitor what they are doing, and oversee them can result in board members being liable for breach of their fiduciary duties to the corporation, and violation of other legal requirements.²⁸ Under Section 5210, completely delegating the Board's oversight responsibility would be the same as not fulfilling it.

The import of the statute, then, before considering other legal or practical limitations, is that the CAISO Board may delegate direct oversight of defined functions to the Governing Body, much like it does in delegating management to executive officers and staff. It cannot, however, make an irrevocable and complete delegation of fundamental aspects of the corporation's ongoing operations. In other words, it must maintain ultimate authority over those delegated functions.

CAISO's Tax-Exempt Status

As ultimate authority over all corporate actions, a board is responsible for ensuring the corporation complies with applicable laws.²⁹ An important set of restrictions arises from the CAISO's tax-exempt status. This exemption benefits market participants through lower costs, by reducing the CAISO's tax obligations and allowing it to use tax-exempt financing. To continue these benefits and avoid substantial penalties and liability, the CAISO must remain in compliance with the requirements of its 501(c) (3) exemption.

The CAISO's particular exempt status depends upon an ongoing ability to show that the CAISO's activities meet its corporate purpose, consistent with California law, and that the Board is supervising these activities. Within the general category of 501(c) (3) organizations – there are different types – the CAISO is a public charity as opposed to a private foundation, and specifically a “supporting organization.” The CAISO qualifies as a supporting organization because its operations and market promote the reliability and the efficiency of the grid in California as required by AB 1890, the 1996 state legislation that led to the incorporation of the CAISO. EIM supports these goals too, as would EDAM. While EIM (and if it is adopted, EDAM) obviously benefit other balancing authority areas as well, the CAISO is able to undertake these activities within the parameters of its tax exemption because these markets support the CAISO corporate purpose of enhancing the reliability and efficiency of the grid in California.

²⁸ See *Stern v. Lucy Webb Hayes National Training School for Deaconesses*, 381 F. Supp. 1003 (D.D.C. 1974):

Total abdication of the supervisory role . . . is improper A director whose failure to supervise permits negligent mismanagement by others to go unchecked has committed an independent wrong against the corporation.

²⁹ See, e.g., Cal. Corp. Code § 5140 (a corporation is granted power to act “[s]ubject to . . . compliance with . . . applicable laws”).

The CAISO Board’s authority over the corporation is also essential to demonstrating it is a supporting organization. IRS regulations require that the “supported organization” – in this case, the State of California – must supervise or control the supporting organization. In the case of CAISO, this relationship is established by the fact that its Board is selected by California officials, as required by California law.³⁰ An attempt to remove the Board entirely from certain decisions, for example by allowing the Governing Body to direct changes to market rules without some form of review by the Board or by irrevocably preventing the Board from changing any delegation or sharing of authority, could jeopardize the CAISO’s ability to maintain its exempt status.³¹

Conclusion Regarding Corporate Authority

To ensure that CAISO complies with these requirements, the Board must retain two levels of control in the context of delegating authority to or sharing authority with the Governing Body. First, the Board must have the ability to modify its delegation or sharing of authority over time if the delegation or sharing threatens to prevent it performing its ultimate oversight authority as required by Corporations Code 5210, or otherwise impairs its ability to successfully ensure compliance with applicable law and other requirements. Second, the Board needs to have some form of a concurring role in decisions about changes to market rules in order to preserve the showing of control needed to maintain its tax-exempt status and to discharge its ultimate responsibility to manage the company and exercise its fiduciary duty to the corporation.

Questions and Answers Regarding the Significance of Other California Statutes

In their comments on the July 31, 2020 Straw Proposal, PPC raised several questions about the significance of California Public Utilities Code §345.5. BPA, Chelan, and WAPA requested responses to same concerns. This section explains the significance of this provision for CAISO’s regional integration.

How does CAISO’s governance structure interact with its statutory obligations to the state’s consumers in Pub. Util. Code 345.5?

Section 345.5 of the California Public Utilities Code has led the CAISO to create EIM, EIM governance, and the GRC, and to pursue EDAM. The statutory provisions that are the focus of PPC’s comments affect the CAISO most directly through the CAISO’s corporate purpose, which is to ensure the efficient and reliable use of the transmission system in California “consistent with” that chapter of the Public Utilities Code. This corporate purpose has led CAISO to pursue

³⁰ See Cal. Pub. Utils. Code § 337, which provides that Board members will be selected by the Governor of California, and also that members may not be “affiliated with any actual or potential” market participant.

³¹ Along the same lines, the CAISO’s outstanding tax-exempt bonds impose restrictions on the use of the CAISO’s main offices for any reasons other than the CAISO’s exempt purpose. Compliance with this requirement could be jeopardized if the Governing Body could, without approval by the Board, direct staff to pursue activities that might be found to fall outside the CAISO’s exempt purposes.

as a strategic priority regional integration, including the recent modifications to our governance structure. While these governance features comply with the concrete requirements of the statute, through the Open Meeting Policy and Records Availability Policy, the more general guidance in the statute has affected CAISO governance only indirectly through its corporate purpose, as described above.

What assurance do regional participants have that the CAISO market will continue to provide the widest benefits for all market participants, and not provide an unfair advantage to California consumers?

The most important assurance to regional participants is that undue discrimination against a segment of market participants would violate the Federal Power Act. On this basis, market participants could file protests at FERC of any proposed market rule changes that would treat them unfairly.

Secondarily, there is competitive pressure around Western electricity markets. The Southwest Power Pool has active efforts to persuade Western utilities to join its market rather than CAISO's, and PJM has also made such efforts in recent years. If CAISO were to treat any group of EIM participants unfairly or fail to provide benefits, it would run a significant risk that those participants would leave for these or other competitors, which would undermine the CAISO's market and its ability to fulfill its corporate goals.

What happens when state statutes conflict with obligations under the Federal Power Act? How would the CAISO seek to reconcile any conflict?

FERC has exclusive authority over all transactions in the CAISO market. If a situation arose in which state statute required CAISO to take certain actions regarding the operation of transmission or its market that are inconsistent with its tariff, that statute would be preempted. Any lawsuit against the CAISO or any market participant that sought to enforce such a state law would be removed to federal court and dismissed. A good example, and binding precedent, is *California ex rel. Lockyer v. Dynegy, Inc.*, 375 F.3d 831 (9th Cir. 2004), which involved a lawsuit against CAISO market participants for violating a state statute (Business & Professions Code § 17200) through their CAISO market transactions. The market participants removed the suit to a federal court, which dismissed it as preempted. The Ninth Circuit affirmed this ruling, holding that federal law preempts any state law that touches upon the substance of CAISO tariff rules. While those market participants still had to face consequences imposed by FERC's Enforcement division, this ruling should assure regional participants that the CAISO's tariff rules may not be changed by state law.

Could the obligation to California consumers induce the Board to revoke or modify the delegation of authority to the Governing Body?

While this is theoretically possible, the circumstances that could lead that to happen are extremely difficult to foresee. The Board has a legal obligation to promote the reliable and efficient use of the grid in California. The EIM strongly supports the Board's legal obligation. The Board would have no legal duty to revoke or modify the delegation of authority unless circumstances have changed in such a substantial way that there is no longer a viable argument that the EIM promotes this objective. Moreover, assuming the GRC's current proposal for increasing the durability of the delegation of authority is adopted, any such change would require a unanimous vote of the Board, advisory input from the Governing Body, a 45-day period for the two bodies to attempt to resolve any differences, and a notice period that is equal to the withdrawal notice period for EIM Entities.

Appendix B: Illustrative Table of Contents

California Independent System Operator Corporation Fifth Replacement Electronic Tariff
As of 5/11/2021

1. Definitions and Interpretation	Joint – these are general rules of construction and interpretation for the tariff and thus apply to EIM. Note that Section 1.2 points to Appendix A for definitions. As noted below in the comments on Appendix A, all of the definitions for terms that apply to EIM would be subject to Joint Authority
1.1 General Provisions of Article I Applicable To CAISO Tariff	
1.2 Definitions	
1.3 Rules of Interpretation	
1.3.1 “Includes” Means “Including Without Limitation”	
1.3.2 Specific Rules of Interpretation Subject to Context	
2. Access to the CAISO Controlled Grid	N/A: applies to CAISO BA and Controlled Grid only
2.1 Open Access	
2.2 Customer Eligibility for Direct Access or Wholesale Sales	
3. Local Furnishing, Other Tax Exempt Bond Facility Financing	N/A: applies to CAISO Controlled Grid only
4. Roles and Responsibilities	N/A, except Joint for 4.5.1 – Section 29 establishes stand-alone roles and responsibilities for EIM and does not incorporate any of these roles, with the exception of Section 4.5.1 (relating to SC certification).
4.1 [Not Used]	
4.2 Market Participant Responsibilities	
4.2.1 Comply with Dispatch Instructions and Operating Instructions	
4.2.2 Implementation of Instructions	
4.3 Relationship between CAISO and Participating TOs	
4.3.1 Nature of Relationship	

4.4	Relationship Between CAISO and UDCs	
4.4.1	General Nature of Relationship Between CAISO and UDCs	
4.4.2	UDC Responsibilities	
4.4.3	System Emergency Reports: UDC Obligations	
4.4.4	Coordination of Expansion or Modifications to UDC Facilities	
4.4.5	Information Sharing	
4.4.6	Installation of and Rights of Access to UDC Facilities	
4.4.7	Provision of Information for CRRs to Reflect Load Migration	
4.4.8	UDC Facilities Under CAISO Control	
4.5	Responsibilities of a Scheduling Coordinator	
4.5.1	Scheduling Coordinator Certification	
4.5.2	Eligible Customers and Convergence Bidding Entities	
4.5.3	Responsibilities of a Scheduling Coordinator	
4.5.4	Operations of a Scheduling Coordinator	
4.6	Relationship Between CAISO and Generators	
4.6.1	General Responsibilities	
4.6.2	[Not Used]	
4.6.3	Requirements for Certain Participating Generators	
4.6.4	Identification of Generating Units	
4.6.5	NERC and WECC Requirements	
4.6.6	Forced Outages	
4.6.7	Recordkeeping; Information Sharing	
4.6.8	Sharing Information on Reliability of CAISO Controlled Grid	

4.6.9	Access Right	
4.6.10	RMTMax for CHP Resources	
4.6.11	Storage Operating Characteristics	
4.7	Relationship Between CAISO and Participating Loads	
4.8	Relationships Between CAISO and Intermittent Resources	
4.8.1	Bidding and Settlement	
4.8.2	Forecasting	
4.8.3	[Not Used]	
4.9	Metered Subsystems	
4.9.1	General Nature of Relationship Between CAISO and MSS	
4.9.2	Coordination of Operations	
4.9.3	Coordinating Maintenance Outages of MSS Facilities	
4.9.4	MSS Operator Responsibilities	
4.9.5	Scheduling by or on Behalf of a MSS Operator	
4.9.6	System Emergencies	
4.9.7	Coordination of Expansion or Modification to MSS Facilities	
4.9.8	Ancillary Services Obligations for MSS	
4.9.9	[Not Used]	
4.9.10	Information Sharing	
4.9.11	Installation of and Rights of Access to MSS Facilities	
4.9.12	MSS System Unit	
4.9.13	MSS Elections and Participation in CAISO Markets	
4.10	Candidate CRR Holder and CRR Holder Registration	
4.10.1	Procedure to Become a Candidate CRR Holder	

4.10.2 Ongoing Obligations after Registration and Qualifications	
4.10.3 Termination of a CRR Entity Agreement	
4.11 Relationship Between CAISO and SUDCs	
4.11.1 General Nature of Relationship Between CAISO and SUDCs	
4.11.2 Coordinating Maintenance Outages of SUDC Facilities	
4.11.3 SUDC Responsibilities	
4.11.4 System Emergencies	
4.11.5 Load Reduction	
4.11.6 System Emergency Reports: SUDC Obligations	
4.11.7 Coordinating Expansion or Modifications to SUDC Facilities	
4.11.8 Information Sharing	
4.11.9 Equipment Installation and Access Rights to SUDC Facilities	
4.12 Relationship of CAISO and Resource-Specific System Resource	
4.12.1 General Responsibilities	
4.12.2 Identification of Resource-Specific System Resources	
4.12.3 Telemetry Data to Demonstrate Compliance	
4.12.4 Recordkeeping	
4.12.5 Access Rights	
4.13 DRPs, RDRRs, and PDRs	
4.13.1 Relationship Between CAISO and DRPs	
4.13.2 Applicable Requirements for RDRRs, PDRs and DRPs	
4.13.3 Identification of RDRRs and PDRs	

4.13.4 Performance Evaluation Methodologies for PDRs and RDRRs	
4.13.5 Characteristics of PDRs and PDRRs	
4.14 Relationship Between the CAISO and CBEs	
4.14.1 Procedure to Become a Convergence Bidding Entity	
4.14.2 Convergence Bidding Entity's Ongoing Obligations	
4.14.3 Termination of a Convergence Bidding Entity Agreement	
4.15 Relationships Between CAISO and Pseudo-Ties to CAISO	
4.16 Relationships Between CAISO and Pseudo-Ties Out	
4.17 Distributed Energy Resource Aggregations	
4.17.1 CAISO Relationship with Distributed Energy Resource Providers	
4.17.2 Responsibilities of Distributed Energy Resource Providers	
4.17.3 Requirements for Distributed Energy Resource Aggregations	
4.17.4 Identification of Distributed Energy Resources	
4.17.5 Characteristics of Distributed Energy Resource Aggregations	
4.17.6 Operating Requirements	
5. Black Start and System Restoration	N/A – Applies to CAISO BA only
5.1 Black Start Capability	
5.2 Black Start Units	
5.3 Black Start Services	
6. Communications	Joint (specifically for rules applicable to EIM/RTM) – Section 29.7 generally provides that the provisions in Section 6 that apply to the RTM apply equally to EIM

	with limited exceptions. Those provisions in Section 6 would be subject to Joint Authority.
6.1 Methods of Communication	
6.1.1 Full-Time Communications Facility Requirements	
6.1.2 Information Transfer from Scheduling Coordinator to CAISO	
6.1.3 Submitting Information to the Secure Communication System	
6.1.4 Information Transfer from CAISO to Scheduling Coordinator	
6.1.5 Information to be Provided by Connected Entities to CAISO	
6.2 CAISO's Secure Communication System	
6.2.1 Scheduling Coordinators	
6.2.2 Public Market Information	
6.3 Communication of Dispatch Instruction	
6.3.1 SC Responsibility for Communications to Generator or Load	
6.3.2 Recording of Dispatch Instructions	
6.3.3 Contents of Dispatch Instructions	
6.4 Communication of Operating Instructions	
6.5 CAISO Communications	
6.5.1 Communication with Market and CRR Participants and Public	
6.5.2 Communications Prior to the Day-Ahead Market	
6.5.3 Day-Ahead Market Communications	
6.5.4 RTM Communications Before the Trading Hour	
6.5.5 Real-Time Market Communications During the Trading Hour	
6.5.6 Market Bid Information	

6.5.7 Monthly Report on Conforming Transmission Constraints	
6.5.8 Virtual Award Information	
6.5.9 Transmission Flowgate Constraint Information	
6.5.10 Protected Communications with Market Participants	
6.5.11 Aggregate Generation Outage Data	
6.5.12 Wind and Solar Forecast and Output	
6.5.13 Suspension of Publication	
6.5.14 Order No. 844 Zonal Uplift Report	
6.5.15 Order No. 844 Resource-Specific Uplift Report	
6.5.16 Order No. 844 Operator-Initiated Commitment Report	
7. System Operations Under Normal and Emergency Conditions	Mostly N/A – Mostly applies only to CAISO BA and CAISO Controlled Grid. Section 29.7 specifically excludes EIM from most of the rules in this section and establishes a separate set of rules regarding operations under normal and emergency conditions for EIM. Section 29.7 does incorporate certain aspects of subsections 7.7.6, 7.7.7, and 7.7.9, which would be subject to Joint Authority.
7.1 CAISO Control Center Operations	
7.1.1 Maintain CAISO Control Center	
7.1.2 Maintain Back-Up Control Facility	
7.1.3 CAISO Control Center Authorities	
7.2 Operating Reliability Criteria	
7.3 Transmission Planning Authority	
7.3.1 Criteria for CAISO's Operational Control	
7.3.2 Planning Guidelines; Revision of Local Reliability Criteria	
7.3.3 NAESB Standards	
7.4 General Standard of Care	

7.5 Routine Operation of the CAISO Controlled Grid	
7.5.1 CAISO Controlled Facilities	
7.5.2 Clearing Equipment for Work	
7.5.3 Equipment De-Energized for Work	
7.5.4 Hot-Line Work	
7.5.5 Intertie Switching	
7.5.6 Operating Voltage Control Equipment	
7.6 Normal System Operations	
7.6.1 Actions for Maintaining Reliability of CAISO Controlled Grid	
7.7 Management of Abnormal System Conditions	
7.7.1 CAISO Actions in Imminent or Actual System Emergency	
7.7.2 Market Participant Responsibilities in System Emergencies.	
7.7.3 Suspension of CAISO Markets and Application of Administrative Price.	
7.7.4 Preparatory Actions for a System Emergency	
7.7.5 Actions Subsequent to a System Emergency	
7.7.6 System Operations in the Event of a Market Disruption	
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	
7.7.8 Under Frequency Load Shedding (UFLS).	
7.7.9 Application of Administration Prices and Use of Prior Market Results	
7.7.10 CAISO Facility and Equipment Outage	
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	
7.8.1 Dispatch Instructions to Reduce Generation and Imports	
7.8.2 Notification of Projected Overgeneration to be Mitigated	
7.8.3 Energy Offered for Sale to Adjacent Balancing Authorities	
7.8.4 Instructions to SCs to Reduce Generation or Imports	
7.8.5 Mandatory Dispatch Instructions for Specific Reductions	
7.8.6 CAISO Costs to be Reimbursed Proportionately by SCs	
7.9 Suspension or Limitation of Virtual Bidding	
7.9.1 Suspension or Limitation Generally	
7.9.2 Reasons for Suspension or Limitation	
7.9.3 Procedures Regarding Suspension or Limitation	
8. Ancillary Services	N/A – Applies only to CAISO BA
8.1 Scope	
8.2 Ancillary Services Standards	
8.2.1 Determination of Ancillary Service Standards	
8.2.2 Time-Frame for Revising Ancillary Service Standards	
8.2.3 Quantities of Ancillary Services Required; Use of AS Regions	
8.3 Procurement; Certification and Testing; Contracting Period	
8.3.1 Procurement of Ancillary Services	
8.3.2 Procurement from Internal and External Resources	

8.3.3 Ancillary Service Regions and Regional Limits	
8.3.4 Certification and Testing Requirements	
8.3.5 Daily and Hourly Procurement	
8.3.7 AS Bidding Requirements	
8.3.8 Procurement of Voltage Support	
8.4 Technical Requirements for Providing Ancillary Services	
8.4.1 Operating Characteristics Required to Provide AS	
8.4.2 Ancillary Service Control Standards	
8.4.3 Ancillary Service Capability Standards	
8.4.4 Ancillary Service Availability Standards	
8.4.5 Communication Equipment	
8.4.6 Metering Infrastructure	
8.5 Time Frame to Submit and Evaluate Ancillary Service Bids	
8.6 Obligations for and Self-Provision of Ancillary Services	
8.6.1 Ancillary Service Obligations	
8.6.2 Right to Self-Provide	
8.6.3 Services which may be Self-Provided	
8.6.4 Time Frame for Informing CAISO of Self-Provision	
8.7 Ancillary Service Awards	
8.8 [Not Used]	
8.9 Verification, Compliance Testing, and Auditing	
8.9.1 Compliance Testing for Spinning Reserve	
8.9.2 Compliance Testing for Regulation	
8.9.3 Compliance Testing for Non-Spinning Reserve	
8.9.4 Compliance Testing for Voltage Support	
8.9.5 [Not Used]	

8.9.6 [Not Used]	
8.9.7 Consequences of Failure to Pass Compliance Testing	
8.9.8 Performance Audits for Standard Compliance	
8.9.9 Performance Audit for Regulation	
8.9.10 Performance Audit for Spinning Reserve	
8.9.11 Performance Audit for Non-Spinning Reserve	
8.9.12 [Not Used]	
8.9.13 [Not Used]	
8.9.14 [Not Used]	
8.9.15 Consequences of Failure to Pass Performance Audit	
8.9.16 Sanctions for Poor Performance	
8.10 Periodic Testing of Units	
8.10.1 Regulation Up and Regulation Down Reserves	
8.10.2 Spinning Reserve	
8.10.3 Non-Spinning Reserve	
8.10.4 Voltage Support	
8.10.5 [Not Used]	
8.10.6 [Not Used]	
8.10.7 Penalties for Failure to Pass Tests	
8.10.8 Rescission of Payments for Ancillary Service Capacity	
8.11 Temporary Changes to Ancillary Service Penalties	
8.11.1 Application and Termination	
8.11.2 Exemption for Penalties Due to CAISO Software Limitations	
9. Outages	Mostly N/A – This Section is for the most part N/A because Section 29.9 generally exempts EIM from these rules regarding outage management and creates outage management rules specific to EIM. Section 29.9 does, however, incorporate by reference certain deadlines regarding notification of outages from this section, which would be subject to Joint Authority. Section 29.9 also incorporates by reference provisions

	in Section 9.3.6 regarding the contents of notices applicable to EIM, which also would be Joint.
9.1 Coordination and Approval for Outage	
9.2 Responsibility for Authorized Work on Facilities	
9.3 Coordination of Outages and Maintenance	
9.3.1 CAISO Outage Coordination Functions	
9.3.2 Requirement for Approval	
9.3.3 Request Submission and Information	
9.3.4 Single Point of Contact	
9.3.5 Method of Communication	
9.3.6 Maintenance Outage Planning	
9.3.7 Maintenance Outage Requests by the CAISO	
9.3.8 CAISO Notice Required Re Maintenance Outages	
9.3.9 Final Approval, Delay and Withholding	
9.3.10 Forced Outages	
9.4 Outage Coordination for New Facilities	
9.4.1 Coordination by CAISO	
9.4.2 Types of Work Requiring Coordination	
9.4.3 Uncomplicated Work	
9.4.4 Special Procedures for More Complex Work	
9.5 Information About Outages	
9.5.1 Approved Maintenance Outages	
9.5.2 Publication to Website	
9.6 Facility Power	
9.7 Multi-Stage Generating Resources Outages	
10. Metering	Joint (specifically where applicable to EIM) – Section 29 generally applies the provisions of this Section 10 on metering to the EIM, with the exception of certain requirements in Section 10.3.9. All such applicable provisions would be subject to Joint Authority.

10.1 General Provisions	
10.1.1 Role of the CAISO	
10.1.2 Meter Data Retention by the CAISO	
10.1.3 Netting	
10.1.4 Meter Service Agreements	
10.1.5 Access to Meter Data	
10.1.6 Failure of CAISO Facilities or System	
10.1.7 Provision of Statistically Derived Meter Data	
10.2 Metering for CAISO Metered Entities	
10.2.1 Responsibilities of CAISO Metered Entities	
10.2.2 Duty to Install and Maintain Meters	
10.2.3 Metering Standards	
10.2.4 Certification of Meters	
10.2.5 CAISO Authorized Inspectors	
10.2.6 Metering Communications	
10.2.7 Format of Meter Data	
10.2.8 Security and Meter Data Validation Procedures	
10.2.9 Validation, Estimation and Editing of Meter Data	
10.2.10 Low Voltage Side Metering	
10.2.11 Audit, Testing Inspection and Certification Requirements	
10.12.2 Exemptions	
10.2.13 Maintenance of Metering Facilities	
10.2.14 Installation of Additional Metering Facilities	
10.3 Metering For Scheduling Coordinator Metered Entities	
10.3.1 Applicability	
10.3.2 Responsibilities of Scheduling Coordinators and the CAISO	

10.3.3 Loss Factors	
10.3.4 Load Profile Authorization	
10.3.5 Communication of Meter Data	
10.3.6 Settlement Quality Meter Data Submission	
10.3.7 Meter Standards	
10.3.8 Access to Meter Data	
10.3.9 Certification of Meters	
10.3.10 Requirement for Audit and Testing	
10.3.11 Scheduling Coordinator to Ensure Certification	
10.3.12 [Not Used]	
10.3.13 [Not Used]	
10.3.14 Approval by LRA of Security and Validation Procedures	
10.3.15 [Not Used]	
10.3.16 [Not Used]	
10.3.17 Meter Identification	
10.4 Exemptions	
10.4.1 Authority to Grant Exemptions	
10.4.2 Guidelines for Granting Exemptions	
10.4.3 Procedure for Applying for Exemptions	
10.4.4 Permitted Exemptions	
11. CAISO Settlements and Billing	Partially Joint -- This Section is N/A for many sections because Section 29.11 generally exempts EIM from these rules regarding settlements and billing and creates a separate set of rules on this topic that are specific to EIM. Section 29.11 does, however, incorporate by reference certain subsections (or portions of subsections) of Sections 11.5, 11.8, 11.10, 11.14, 11.21, 11.25, 11.28, 11.29, 11.31, and 11.32, which would be subject to Joint Authority.
11.1 Settlement Principles	
11.1.1 [Not Used]	
11.1.2 Settlement Charges and Payments	

11.1.3 Financial Transaction Conventions and Currency	
11.1.4 CAISO Estimates for Initial Settlement Statement T+3B	
11.1.5 SQMD for Recalculation Settlement State T+12B	
11.2 Settlement of Day-Ahead Market Transactions	
11.2.1 IFM Settlements	
11.2.2 Calculation of Hourly RUC Compensation	
11.2.3 IFM Energy Charges and Payments for Metered Subsystems	
11.2.4 CRR Settlements	
11.2.5 Payment by OBAALSE for CRRs Through CRR Allocation Process	
11.3 Settlement of Virtual Awards	
11.3.1 Virtual Supply Awards	
11.3.2 Virtual Demand Awards	
11.4 Black Start Settlements	
11.4.1 Black Start Energy	
11.4.2 Black Start Capability	
11.5 Real-Time Market Settlements	
11.5.1 Imbalance Energy Settlements	
11.5.2 Uninstructed Imbalance Energy	
11.5.3 Unaccounted For Energy	
11.5.4 Imbalance Energy Pricing; Non-Zero Offset Amount Allocation	
11.5.5 Settlement Amount for Residual Imbalance Energy	
11.5.6 Settlement Amounts for RTD Instructed Imbalance Energy from Exceptional Dispatch	
11.5.7 Congestion Credit and Marginal Credit of Losses Credit	

11.5.8 Settlement for Emergency Assistance	
11.5.9 Flexible Ramping Product	
11.6 PDRs, RDRRs, Distributed Energy Resource Aggregations, Non-Generator Resources	
11.6.1 Settlement of Energy Transactions Involving PDRs or RDRRs Using Customer Load Baseline Methodology	
11.6.2 Settlement of Energy Transactions Using Metering Generator Output Methodology	
11.6.3 Settlement of Energy Transactions Involving PDRs or RDRRs Using Customer Load Baseline and Metering Generator Output Methodologies	
11.6.4 Settlements of Proxy Demand Resources in the Real-Time Market	
11.6.5 Settlement of Distributed Energy Resource Aggregations	
11.6.6 Settlements of Non-Generator Resources	
11.7 Additional MSS Settlements Requirements	
11.7.1 MSS Load Following Deviation Penalty	
11.7.2 Neutrality Adjustments and Charges Assessed on MSS SC	
11.7.3 Available MSS Operator Exemption for Certain Program Charges	
11.7.4 Emission Cost Responsibility of an SC for an MSS	
11.8 Bid Cost Recovery	
11.8.1 CAISO Determination of Self-Commitment Periods	
11.8.2 IFM Bid Cost Recovery Amount	

11.8.3 RUC Bid Cost Recovery Amount	
11.8.4 RTM Bid Cost Recovery Amount	
11.8.5 Unrecovered Bid Cost Uplift Payment	
11.8.6 System-Wide IFM, RUC and RTM Bid Cost Uplift Allocation	
11.9 Inter-SC Trades	
11.9.1 Physical Trades	
11.9.2 Inter-SC Trades at Aggregated Pricing Nodes	
11.10 Settlements for Ancillary Services	
11.10.1 Settlements for Contracted Ancillary Services	
11.10.2 Settlement for User Charges for Ancillary Services	
11.10.3 Spinning Reserves	
11.10.4 Non-Spinning Reserves	
11.10.5 Negative Operating Reserve Obligation Adjustment	
11.10.6 Upward Ancillary Services Neutrality Adjustment	
11.10.7 Voltage Support	
11.10.8 [Not Used]	
11.10.9 Settlements of Rescission of Payments for AS Capacity	
11.11 RACs and Wheeling Transactions	
11.11.1 Regional Access Charge	
11.11.2 Wheeling Through and Wheeling Out Transactions	
11.12 Participating Intermittent Resources	
11.12.1 [Not Used]	
11.12.2 [Not Used]	
11.12.3 Payment of Participating Intermittent Resource Fees	

11.12.4 [Not Used]	
11.13 Settlements of RMR Charges and Payments	
11.13.1 Daily RMR Settlement	
11.13.2 Daily RMR Capacity Payment	
11.13.3 Daily Variable Cost Payment	
11.13.4 Daily Additional Cost Settlement	
11.13.5 Daily RMR Excess Revenues	
11.13.6 Daily RMR Exceptional Dispatch Excess Revenues	
11.13.7 Daily RMR Cost Allocation	
11.13.8 [Not Used]	
11.13.9 [Not Used]	
11.13.10 [Not Used]	
11.14 Neutrality	
11.15 Payments Under Section 42.1 Contracts	
11.16 Additional AS and RUC Payment Rescission Requirements	
11.16.1 Resources with More Than One Capacity Obligation	
11.16.2 Load-Following MSSs with an AS or RUC Capacity Obligation	
11.17 Application of the Persistent Deviation Metric	
11.17.1 Persistent Deviation Threshold and Mitigation	
11.17.2 Shut-Down Adjustment	
11.17.3 Application of Persistent Deviation Metric to Eligible Intermittent Resources' Residual Imbalance Energy	
11.18 Emissions Costs	
11.18.1 Obligation to Pay Emissions Costs Charges	
11.18.2 CAISO Emissions Costs Trust Account	

11.18.3 Rate for the Emission Cost Trust Account	
11.18.4 Adjustment of the Rate for the Emissions Cost Charge	
11.18.5 Credits and Debits of Emissions Cost Charges from SCs	
11.18.6 Submission of Cost Invoices by RMR Owner	
11.18.7 Payment of Emissions Cost Invoices	
11.19 FERC Annual Charges	
11.19.1 FERC Annual Charge Recovery Rate	
11.19.2 FERC Annual Charge Trust Account	
11.19.3 Determination of the FERC Annual Charge Recovery Rate	
11.19.4 Credits and Debits of FERC Annual Charges from SCs	
11.20 NERC/WECC Charges	
11.20.1 Responsibility for NERC/WECC Charges	
11.20.2 [Not Used]	
11.20.3 [Not Used]	
11.20.4 Process for Invoicing NERC/WECC Charges	
11.20.5 Timely Payments	
11.20.6 NERC/WECC Charge Trust Account	
11.20.7 Preliminary and Final NERC/WECC Charge Invoices	
11.20.8 Provision of Payments and Information to the WECC	
11.20.9 Reliability Coordinator Services Charge	
11.21 Make Whole Payments for Price Corrections	
11.21.1 CAISO Demand and Exports	

11.21.2 Price Correction for Settlement of Virtual Awards	
11.22 Grid Management Charge	
11.22.1 CAISO's Obligation	
11.22.2 Costs Recovered Through the Grid Management Charge	
11.22.3 [Not Used]	
11.22.4 TOR Charges	
11.22.5 Bid Segment Fee	
11.22.6 CRR Transaction Fee	
11.22.7 Inter-Scheduling Coordinator Trade Transaction Fee	
11.22.8 Scheduling Coordinator ID Charge	
11.23 Penalties for Uninstructed Imbalance Energy	
11.24 [Not Used]	
11.24.1 [Not Used]	
11.24.2 [Not Used]	
11.24.3 [Not Used]	
11.24.4 [Not Used]	
11.25 Settlement of Flexible Ramping Product	
11.25.1 Settlement of Forecasted Movement	
11.25.2 Settlement of Uncertainty Requirement	
11.25.3 Rescission	
11.25.4 [Not Used]	
11.25.5 [Not Used]	
11.26 [Not Used]	
11.27 Voltage Support Charges	
11.28 Calculating, Charging and Disbursing Default Interest	
11.29 CAISO as Counterparty; Billing and Payment	
11.29.1 Billing and Payment Process Based on Settlement Statement	
11.29.2 Time-Frame for Payments or Charges	
11.29.3 Prepayments	
11.29.4 System Failure	

11.29.5 General Principles for Production of Settlement Statements	
11.29.6 Balancing of Market Accounts in Absence of Meter Data	
11.29.7 Settlements Cycle	
11.29.8 Confirmation and Validation	
11.29.9 Payment Procedures	
11.29.10 Billing and Payment	
11.29.11 Instructions for Payment	
11.29.12 CAISO's Responsibilities	
11.29.13 Non-Payment by a Scheduling Coordinator or CRR Holder	
11.29.14 Enforcement Actions for Late Payments	
11.29.15 [Not Used]	
11.29.16 Prohibition on Transfers	
11.29.17 Alternative Payment Procedures	
11.29.18 [Not Used]	
11.29.19 Payment Errors	
11.29.20 Defaults	
11.29.21 [Not Used]	
11.29.22 Data Gathering and Storage	
11.29.23 Communications	
11.29.24 CAISO Payments Calendar	
11.30 Auditing	
11.31 Intertie Schedules Decline Charges	
11.31.1 Decline Monthly Charge – Imports	
11.31.2 Decline Monthly Charge – Imports	
11.31.3 Allocation of Import/Export Decline Monthly Charges	

11.32 Measures to Address Intertie Scheduling Practices	
11.33 Setting Revenue	
11.34 Invoice Charges for Transferred Frequency Response	
11.34.1 Charge Allocation Basis	
11.34.2 Calculation and Assessment	
11.34.3 Responsibility to Pay Charges	
11.34.4 Validation	
11.34.5 Disputes and Corrections	
11.34.6 Payment Default	
11.34.7 Modification to Schedule	
12. Creditworthiness	Mostly Joint –This section would be for the most part subject to Joint Authority because Section 29 generally incorporates the entirety of this section by reference. However, the subsections and provisions within subsections that have no application to the EIM or RTM – such as those applying to CRRs or Virtual Bids (see 12.6 and 12.7) – would not be Joint and instead would be N/A.
12.1 Credit and Minimum Participation Requirements	
12.1.1 Unsecured Credit Limit	
12.1.2 Financial Security and Financial Security Amount	
12.1.3 Estimated Aggregate Liability	
12.2 Review of Creditworthiness	
12.3 Posting and Releases of Financial Security	
12.3.1 Self-Supply of UDC Demand	
12.4 Calculation of Ongoing Financial Security Requirements	
12.4.1 Resolution of a CAISO Request for Additional Security Amount	

12.4.2 Dispute Process for a Request for Additional Security Amount	
12.5 CAISO Enforcement Actions	
12.5.1 Under-Secured and Non-Compliant Market Participants	
12.5.2 Late Posting Of Financial Security	
12.6 Credit Obligations Applicable to CRRs	
12.6.1 Credit Requirements for CRR Allocations	
12.6.2 Credit Requirements for CRR Auctions	
12.6.3 Credit Requirements for the Holding of CRRs	
12.6.4 Credit Requirements for Sales of Allocated CRRs	
12.7 [Not Used]	
12.8 Credit Requirements Applicable to Virtual Bids	
12.8.1 Credit Check in the Day-Ahead Market	
12.8.2 Virtual Bid Reference Prices	
12.8.3 Adjustment of EAL after Close of the DAM	
12.8.4 Adjustment of EAL after the Close of the RTM	
13. Dispute Resolution	Joint - Section 29.13 generally incorporates Section 13 by reference, which makes these provisions applicable to EIM and therefore subject to Joint Authority.
13.1 Applicability	
13.1.1 General Applicability	
13.1.2 Disputes Involving Government Agencies	
13.1.3 Injunctive and Declaratory Relief	
13.1.4 Disputes Arising Under Section 11	
13.2 Negotiation and Mediation	
13.2.1 Negotiation	
13.2.2 Statement of Claim	

13.2.3 Selection of Mediator	
13.2.4 Mediation	
13.2.5 Demand for Arbitration	
13.3 Arbitration	
13.3.1 Selection of Arbitrator	
13.3.2 Disclosures Required of Arbitrators	
13.3.3 Arbitration Procedures	
13.3.4 Modification of Arbitration Procedures	
13.3.5 Remedies	
13.3.6 Summary Disposition	
13.3.7 Discovery Procedures	
13.3.8 Evidentiary Hearing	
13.3.9 Confidentiality	
13.3.10 Timetable	
13.3.11 Decision	
13.3.12 Compliance	
13.3.13 Enforcement	
13.3.14 Costs	
13.4 Appeal of Award	
13.4.1 Basis for Appeal	
13.4.2 Appellate Record	
13.4.3 Procedures for Appeals	
13.4.4 Award Implementation	
13.4.5 Judicial Review of FERC Orders	
13.5 Allocation of Awards Payable by or to the CAISO	
13.5.1 Allocation of an Award	
13.5.2 Timing of Adjustments	
13.5.3 Method of Allocation	
14. Uncontrollable Force, Indemnity, Liabilities, and Penalties	Joint - Section 29.14 generally incorporates Section 14 by reference, which makes these provisions applicable to EIM and therefore subject to Joint Authority.
14.1 Uncontrollable Forces	
14.2 Responsibilities of Affected Entity	
14.3 Strikes, Lockouts or Labor Disputes	
14.4 Market Participant's Indemnity	
14.5 Limitation on Liability	
14.5.1 Limitation on Damages	
14.5.2 Exclusion of Certain Types of Loss	

14.6 Potomac Economics, Ltd. Limitation of Liability	
14.7 Allocation of Reliability-Related Penalty Costs	
14.7.1 Overview of Process	
14.7.2 Direct Allocation of Reliability Standards Penalties	
14.7.3 Indirect Allocation of Penalty Costs	
15. Regulatory Filings	N/A – not incorporated by reference in Section 29.
16. Existing Contracts	N/A – not incorporated by reference in Section 29.
16.1 Continuation of Existing Contracts for Non-Participating TOs	
16.1.1 Participating TO Obligation	
16.1.2 Right to Use and Ownership of Facilities	
16.1.3 Existing Contract Dispute Resolution	
16.1.4 Conversion of PTO’s Rights Under Existing Contracts	
16.2 [Not Used]	
16.3 Curtailment Under Emergency and Non-Emergency Conditions	
16.3.1 Emergency Conditions	
16.3.2 Non-Emergency Conditions	
16.4 TRTC Instructions	
16.4.1 Responsibility to Create TRTC Instructions	
16.4.2 Responsible PTO Re Multiple PTO Parties to Existing Contracts	
16.4.3 Scheduling Coordinator Responsibilities	
16.4.4 Submission of TRTC Instructions	
16.4.5 TRTC Instructions Content	
16.4.6 Changes and Updates to TRTC Instructions	
16.4.7 Treatment of TRTC Instructions	

16.4.8 CAISO Role in Existing Contracts	
16.4.9 Implementation of TRTC Instructions	
16.5 Treatment of Existing Contracts for Transmission Service	
16.5.1 System Emergency Exceptions	
16.6 Valid ETC Self-Schedules	
16.6.1 Validation of ETC Self-Schedules	
16.6.2 Treatment of Invalid ETC Self-Schedules	
16.6.3 Treatment of Valid ETC Self-Schedules	
16.6.4 Notification to SCs of CAISO Determination	
16.7 [Not Used]	
16.8 [Not Used]	
16.9 The HASP	
16.9.1 Scheduling Deadlines	
16.10 The CAISO's Real-Time Process	
16.11 Inter-Balancing Authority Area ETC Self-Schedule Bid Changes	
16.12 Intra-Balancing Authority Area ETC Self-Schedules Changes	
17. Transmission Ownership Rights (TORs)	N/A – applies only to CAISO Controlled Grid. Section 29.17 thus does not incorporate this section and instead establishes a set of standalone transmission-related rules specific to EIM.
17.1 TRTC Instructions	
17.1.1 Responsibility to Create TRTC Instructions	
17.1.2 TOR Scheduling Coordinator Responsibilities	
17.1.3 Submission of TRTC Instructions	
17.1.4 TRTC Instructions Content	
17.1.5 Changes and Updates to TRTC Instructions	
17.1.6 CAISO Role in Accepting TRTC Instructions	

17.1.7 Implementation of TRTC Instructions	
17.2 Treatment of TORs	
17.2.1 System Emergency Expectations	
17.3 Valid TOR Self-Schedule	
17.3.1 Validation of TOR Self-Schedules	
17.3.2 Treatment of Invalid TOR Self-Schedules	
17.3.3 Settlement Treatment of Valid TOR Self-Schedules	
17.3.4 Notification to SCs of CAISO Determination	
17.4 The HASP	
17.4.1 Scheduling Deadlines	
17.5 The CAISO's Real-Time Process	
17.6 Inter-Balancing Authority Area TOR Self-Schedule Bid Changes	
17.7 Intra-Balancing Authority Area TOR Self-Schedule Changes	
17.8 Existing Contracts Re TORs for Non-Participating TOs	
17.8.1 Participating TO Obligation	
17.8.2 Right to Use and Ownership of TORs	
17.8.3 Dispute Resolution for Existing Contracts Applicable to TORs	
17.9 Conversion of PTOs' Rights Under Existing Contracts Re TORs	
17.10 TOR Operations Obligations	
18. [Not Used]	
19. Reliability Coordinator	N/A – Section 29 does not incorporate any of the rules in this section.
19.1 General Provisions	
19.2 Access to RC Services	
19.3 Supplemental Services – Hosted Advanced Network Applications (HANA)	
19.4 Supplemental Services – Physical Security Review	

19.5 Roles and Responsibilities	
19.6 Provision of Settlement Data by RC Customers	
19.7 Settlements and Billing for RC Customers	
19.8 Supplemental Services – HANA Services Charge	
19.9 Supplemental Services – Physical Security Review Charge	
19.10 Dispute Resolution Procedures	
19.11 Reliability Coordinator Oversight	
19.12 Uncontrollable Forces	
19.13 Liability	
19.14 Penalties	
19.15 Confidentiality	
19.16 Miscellaneous Provisions in Addition to Section 22	
20. Confidentiality	Joint (specifically where applicable to EIM) -- Section 29 applies these confidentiality provisions to the EIM.
20.1 CAISO	
20.2 Confidential Information	
20.3 Other Parties	
20.4 Disclosure	
20.5 Confidentiality	
21. [Not Used]	
22. Miscellaneous	Partially Joint – Under section 29.22, the provisions in Section 22 that apply to market participants are applicable to EIM. Those provisions, which are in Sections 22.2, 22.4, 22.5, and 22.7 through 22.13 would be subject to Joint Authority. The other subsections govern the CAISO and would be N/A.
22.1 Audits	
22.1.1 Materials Subject to Audit	
22.1.2 CAISO Audit Committee	
22.1.3 Audit Results	
22.1.4 Availability of Records	
22.1.5 Confidentiality of Information	
22.1.6 Payments	
22.2 Assignment	
22.3 Term and Termination	

22.3.1 Effective Date of CAISO Tariff	
22.3.2 Termination of CAISO Tariff with Board and FERC Approval	
22.4 Notice	
22.4.1 Effectiveness	
22.4.2 Addresses	
22.4.3 Notice of Changes in Operating Procedures and BPMs	
22.5 Waiver	
22.6 Staffing and Training to Meet Obligations	
22.7 Accounts and Reports	
22.8 Applicable Law and Forum	
22.9 Consistency with Federal Laws and Regulations	
22.10 Administrative Fees	
22.11 Operating Procedures and BPM Development and Amendment	
22.11.1 Process for Revisions of Business Practice Manuals	
22.11.2 Changes to BPM for BPM Change Management	
22.11.3 Requests for and Access to Nonpublic Operating Procedures	
22.12 [Not Used]	
22.13 Scheduling Responsibilities and Obligations	
23. Categories of Transmission Capacity	N/A – applies only to CAISO Controlled Grid; Section 29 does not incorporate this Section.
24. Comprehensive Transmission Planning Process	N/A – applies only to CAISO Controlled Grid; Section 29 does not incorporate this Section
24.1 Overview	
24.1.1 [Not Used]	
24.1.2 [Not Used]	
24.1.3 [Not Used]	
24.1.4 [Not Used]	
24.2 Nature of the Transmission Planning Process	
24.2.1 [Not Used]	
24.2.2 [Not Used]	

24.2.3 [Not Used]	
24.2.4 [Not Used]	
24.3 Transmission Planning Process Phase	
24.3.1 Inputs to the Unified Planning Assumptions and Study Plan	
24.3.2 Content of the Unified Planning Assumptions and Study Plan	
24.3.3 Stakeholder Input – Unified Planning Assumptions/Study Plan	
24.3.4 Economic Planning Studies	
24.3.5 [Not Used]	
24.4 Transmission Planning Process Phase 2	
24.4.1 Conducting Technical Studies	
24.4.2 Proposed Reliability Driven Transmission Solutions	
24.4.3 Phase 2 Request Window	
24.4.4 [Not Used]	
24.4.5 Determination of Needed Transmission Solutions	
24.4.6 Categories of Transmission Solutions	
24.4.7 Description of Transmission Solutions	
24.4.8 Additional Contents of Comprehensive Transmission Plan	
24.4.9 Phase 2 Stakeholder Process	
24.4.10 Transmission Plan Approval Process	
24.5 Transmission Planning Process Phase 3	
24.5.1 Competitive Solicitation Process	
24.5.2 Project Sponsor Application and Information Requirements	

24.5.3 Project Sponsor and Proposal Qualifications	
24.5.4 Project Sponsor Selection Factors and Comparative Analysis	
24.5.5 Notice to Project Sponsors	
24.5.6 Competitive Solicitation Project Proposal Fee	
24.6 Obligation to Construct Transmission Solutions	
24.6.1 Approved Project Sponsor Reporting Requirements	
24.6.2 Delay in the Transmission Solution In-Service Date	
24.6.3 Development and Submittal of Mitigation Plans	
24.6.4 Inability to Complete the Transmission Solution	
24.7 Documentation of Compliance with NERC Reliability Standards	
24.8 Additional Planning Information	
24.8.1 Information Provided by Participating TOs	
24.8.2 Limitation on Regional Activities	
24.8.3 Information Requested from Load Serving Entities	
24.8.4 Information from BAAs and Regulators	
24.8.5 Obligation to Provide Updated Information	
24.9 Participating TO Study Obligation	
24.10 Operational Review and Impact Analysis	
24.10.1 [Not Used]	
24.10.2 [Not Used]	
24.10.3 [Not Used]	
24.10.4 [Not Used]	
24.11 [Not Used]	
24.11.1 [Not Used]	
24.11.2 [Not Used]	
24.11.3 [Not Used]	

24.12 WECC and Interregional Coordination	
24.13 Interregional Transmission Proposals in the Regional Process	
24.13.1 [Not Used]	
24.13.2 [Not Used]	
24.14 Cost Responsibility for Transmission Additions or Upgrades	
24.14.1 Project Sponsor Commitment to Pay Full Cost	
24.14.2 Cost of Needed Addition or Upgrade to be Borne by PTO	
24.14.3 CRR Entitlement for Project Sponsors Not Recovering Costs	
24.14.4 RAC Treatment of New Regional Transmission Facilities Costs	
24.15 Ownership of and Charges for Expansion Facilities	
24.15.1 Transmission Additions and Upgrades under TCA	
24.15.2 Access and Charges for Transmission Additions and Upgrades	
24.16 Expansion by Local Furnishing Participating TOs	
24.17 Evaluation of Interregional Transmission Projects	
24.17.1 Submission of Interregional Transmission Projects	
24.17.2 Interregional Transmission Project Assessment	
24.17.3 Selection in the Comprehensive Transmission Plan	
24.17.4 Interregional Transmission Project Cost Recovery	
24.17.5 Monitoring the Status of Interregional Transmission Projects	

24.17.6 Delay in Interregional Transmission Project In-Service Date	
24.18 Order 1000 Common Interregional Tariff	
24.18.1 Annual Interregional Information Exchange	
24.18.2 Annual Interregional Coordination Meeting	
24.18.3 Interregional Transmission Project Joint Evaluation Process	
24.18.4 Interregional Cost Allocation Process	
24.18.5 Application of Regional Cost Allocation Methodology	
25. Interconnection of Generating Units and Facilities	N/A – applies only to CAISO Controlled Grid; Section 29 does not incorporate this Section
25.1 Applicability	
25.1.1 Interconnection Request and Generating Unit Requirements	
25.1.2 Affidavit Requirements	
25.2 Interconnection to the Distribution System	
25.3 Maintenance of Encumbrances	
25.4 Asynchronous Generating Facilities	
25.4.1 Asynchronous Generating Facilities-Reactive Power	
25.5 Modifications to Generating Facilities	
25.5.1 <i>No Header</i>	
25.5.2 <i>No Header</i>	
25.5.3 <i>No Header</i>	
26. Transmission Rates and Charges	N/A – applies only to charges within CAISO BA; Section 29.26 exempts EIM transfers from any charges under this section.
26.1 Access Charge	
26.1.1 Publicly Owned Electric Utilities Access Charge	
26.1.2 Regional Access Charge Settlement	

26.1.3 Distribution of RAC Revenues	
26.1.4 Wheeling	
26.1.5 Unbundled Retail Transmission Rates	
26.2 [Not Used]	
26.3 Addition of New Facilities After CAISO Implementation	
26.4 Effect on Tax-Exempt Status	
26.5 [Not Used]	
26.6 Location Constrained Resource Interconnection Facilities	
26.6.1 LCRIFs that Become Network Facilities	
27. CAISO Markets and Processes	Joint (specifically where applicable to RTM/EIM) – Section 29 generally incorporates this section by reference for provisions applicable to both the RTM and EIM.
27.1 LMPs and Ancillary Services Marginal Prices	
27.1.1 Locational Marginal Prices for Energy	
27.1.2 Ancillary Service Prices	
27.1.3 Regulation Mileage Clearing Price	
27.2 Load Aggregation Points (LAP)	
27.2.1 Metered Subsystems	
27.2.2 Determination of LAP Prices	
27.3 Trading Hubs	
27.4 Optimization in the CAISO Market Processes	
27.4.1 Security Constrained Unit Commitment	
27.4.2 Security Constrained Economic Dispatch	
27.4.3 CAISO Markets Scheduling and Pricing Parameters	
27.5 Full Network Model	
27.5.1 Network Models used in CAISO Markets	
27.5.2 Metered Subsystems	

27.5.3 Integrated Balancing Authority Areas	
27.5.4 Accounting for Changes in Topology in IFM	
27.5.5 Load Distribution Factor	
27.5.6 Management & Enforcement of Constraints in the CAISO Markets	
27.6 State Estimator	
27.7 Constrained Output Generation	
27.7.1 Election of Constrained Output Generator Status	
27.7.2 Election to Waive COG Status	
27.7.3 Constrained Output Generators in the IFM	
27.7.4 Constrained Output Generators in RUC	
27.7.5 Constrained Output Generators in the Real-Time Market	
27.8 Multi-Stage Generating Resources	
27.8.1 Registration and Qualification	
27.8.2 Information Requirements	
27.8.3 Changes in Status and Configurations of Resource	
27.9 Non-Generator Resources and Pumped-Storage Hydro Unit Constraints	
27.10 Election to Use Non-Generator Resource Generic Modeling Functionality	
27.11 Natural Gas Constraint	
27.12 Operator Imbalance Conformance	
27.12.1 Operator Conformance in the Real-Time Market	
27.12.2 Conformance Limiter in the Real-Time Market	
28. Inter-SC Trades	N/A – applies only to CAISO BA; Section 29 excludes these rules for EIM.

28.1 Inter-SC Trades of Energy	
28.1.1 Purpose	
28.1.2 Availability of Inter-SC Trades of Energy	
28.1.3 Submission of Inter-SC Trades of Energy	
28.1.4 Information Requirements	
28.1.5 General Validation Rules for Inter-SC Trades	
28.1.6 Validation Procedures for Physical Trades	
28.2 Inter-SC Trades of Ancillary Services	
28.2.1 Information Requirements	
28.2.2 Validation	
28.2.3 Submission of Inter-SC Trades of Ancillary Services	
28.3 Inter-SC Trades of IFM Load Uplift Obligation	
28.3.1 Information Requirements	
28.3.2 Validation	
28.3.3 Submission of Inter-SC Trades of IFM Load Uplift Obligation	
29. Energy Imbalance Market	Joint – All of the provisions in this Section would be subject to Joint Authority.
29.1 General Provisions.	
29.2 EIM Entity Access to the Real-Time Market	
29.3 [Not Used]	
29.4 Roles and Responsibilities	
29.5 [Not Used]	
29.6 Communications	
29.7 EIM Operations Under Normal and Emergency Conditions.	
29.8 [Not Used]	
29.9 Outages and Critical Contingencies.	
29.10 Metering and Settlement Data.	
29.11 Settlements and Billing for EIM Market Participants.	
29.12 Creditworthiness	
29.13 Dispute Resolution	

29.14 Uncontrollable Forces, Indemnity, Liabilities, and Penalties	
29.15 [Not Used]	
29.16 [Not Used]	
29.17 EIM Transmission System	
29.18 [Not Used]	
29.19 [Not Used]	
29.20 Confidentiality	
29.21 [Not Used]	
29.22 Miscellaneous Provisions in Addition to Section 22.	
29.23 [Not Used]	
29.24 [Not Used]	
29.25 [Not Used]	
29.26 Transmission Rates and Charges.	
29.27 CAISO Markets and Processes.	
29.28 Inter-SC Trades	
29.29 [Not Used]	
29.30 Bid and Self-Schedule Submission for CAISO Markets.	
29.31 Day-Ahead.	
29.32 Greenhouse Gas Regulation and EIM Bid Adders.	
29.33 [Not Used]	
29.34 EIM Operations	
29.35 Market Validation and Price Correction	
29.36 [Not Used]	
29.37 Rules of Conduct	
29.38 Market Monitoring	
29.39 EIM Market Power Mitigation.	
29.40 [Not Used]	
29.41 [Not Used]	
29.42 [Not Used]	
29.43 [Not Used]	
29.44 Flexible Ramping Product	
30. Bid and Self-Schedule Submission for all CAISO Markets	Joint (specifically where applicable to RTM/EIM) – Section 29 incorporates this section by reference for the provisions applicable to both RTM and EIM.
30.1 Bids, Including Self-Schedules	
30.1.1 Day-Ahead Market	
30.1.2 Real-Time Market	
30.2 Bid Types	
30.3 [Not Used]	

30.4 Proxy Cost and Registered Cost Methodologies	
30.4.1 Start-Up and Minimum Load Costs	
30.5 Bidding Rules	
30.5.1 General Bidding Rules	
30.5.2 Supply Bids	
30.5.3 Demand Bids	
30.5.4 Wheeling Through Transactions	
30.5.5 Scheduling Sourcing/Sinking in Same Balancing Authority Area	
30.5.6 Non-Generator Resource Bids	
30.5.7 E-Tag Rules and Treatment of Intertie Schedules	
30.6 Bidding and Scheduling of PDRs and RDRRs	
30.6.1 Bidding and Scheduling of PDRs	
30.6.2 Bidding and Scheduling of RDRRs	
30.6.3 Net Benefits Test for PDRs or PDRRs	
30.7 Bid Validation	
30.7.1 Scheduling Coordinator Access	
30.7.2 Timing of CAISO Validation	
30.7.3 DAM Validation	
30.7.4 RTM Validation	
30.7.5 Validation of ETC Self-Schedules	
30.7.6 Validation and Treatment of Ancillary Services Bids	
30.7.7 Format and Validation of Operational Ramp Rates	
30.7.8 Format and Validation of Start-Up and Shut-Down Times	
30.7.9 Format and Validation of Start-Up Costs and Shut-Down Costs	
30.7.10 Format and Validation of Minimum Load Costs	

30.8 Bids on Out-of-Service Paths at Scheduling Points Prohibited	
30.9 Virtual Bids	
30.9.1 Virtual Bid Components	
30.10 Use of AC Solution and Nodal MW Constraints	
30.11 Filings to Recover Commitment-Related Fuel Costs	
30.12 [Not Used]	
30.12.1 [Not Used]	
30.12.2 [Not Used]	
30.12.3 [Not Used]	
30.12.4 [Not Used]	
31. Day-Ahead Market	N/A – Section 29 excludes EIM from participating in DA market.
31.1 Bid Submission and Validation in the Day-Ahead Market	
31.2 Day-Ahead MPM Process	
31.2.1 The Market Power Mitigation Process	
31.2.2 [Not Used]	
31.2.3 Bid Mitigation	
31.3 Integrated Forward Market	
31.3.1 Market Clearing and Price Determination	
31.3.2 Congestion and Transmission Losses Cost Determination	
31.3.3 Metered Subsystems	
31.4 CAISO Market Adjustments to Non-Priced Quantities in the IFM	
31.5 Residual Unit Commitment	
31.5.1 RUC Participation	
31.5.2 Metered Subsystem RUC Obligation	
31.5.3 RUC Procurement Target	
31.5.4 RUC Procurement Constraints	
31.5.5 Selection and Commitment of RUC Capacity	
31.5.6 Eligibility for RUC Compensation	
31.5.7 Rescission of Payments for RUC Capacity	

31.6 Timing of Day-Ahead Scheduling	
31.6.1 Criteria for Temporary Waiver of Timing Requirements	
31.6.2 Information to be Published on Secure Communication System	
31.6.3 Conditions Permitting CAISO to Abort Day-Ahead Market	
31.6.4 [Not Used]	
31.7 Extremely Long-Start Commitment Process	
31.8 Constraints Enforced at Interties	
31.8.1 Scheduling Constraints	
31.8.2 Physical Flow Constraints	
32. [Not Used]	
33. [Not Used]	
34. Real-Time Market	Joint (specifically where applicable to RTM/EIM) – Section 29 incorporates this section by reference for the provisions applicable to both RTM and EIM, which thus would be subject to Joint Authority. Section 29.34 also sets forth supplementary rules specific to the EIM participation in the Real-Time Market, which would also be Joint.
34.1 Inputs to the Real-Time Market	
34.1.1 Day-Ahead Market Results as Inputs to the Real-Tie Market	
34.1.2 Market Model and System Information	
34.1.3 Bids in the Real-Time Market	
34.1.4 Real-Time Validation of Schedules and Bids	
34.1.5 Mitigating Bids in the RTM	
34.1.6 Eligible Intermittent Resources Forecast	
34.2 The Hour-Ahead Scheduling Process	
34.2.1 The HASP Optimization	

34.2.2 Treatment of Self-Schedules in HASP	
34.2.3 Ancillary Services in the HASP and FMM	
34.2.4 HASP Results	
34.2.5 Cessation of the HASP	
34.3 Real-Time Unit Commitment	
34.3.1 RTUC Optimization	
34.3.2 Commitment of Fast Start and Short Start Units	
34.3.3 [Not Used]	
34.4 Fifteen Minute Market	
34.4.1 Real-Time Ancillary Services Procurement	
34.5 Real-Time Dispatch	
34.5.1 Real-Time Economic Dispatch	
34.5.2 Real-Time Contingency Dispatch	
34.5.3 Real-Time Manual Dispatch	
34.6 Short-Term Unit Commitment	
34.7 General Dispatch Principles	
34.8 Dispatch Instructions to Units, Participating Loads, PDRs, and RDRRs	
34.9 Utilization of the Energy Bids	
34.9.1 [Not Used]	
34.9.2 [Not Used]	
34.9.3 [Not Used]	
34.9.4 [Not Used]	
34.10 Dispatch of Energy from Ancillary Services	
34.10.1 [Not Used]	
34.10.2 [Not Used]	
34.11 Exceptional Dispatch	
34.11.1 System Reliability Exceptional Dispatches	
34.11.2 Other Exceptional Dispatches	
34.11.3 Transmission-Related Modeling Limitations	
34.11.4 Reporting Requirements	

34.12 CAISO Market Adjustment to Non-Priced Quantities in the RTM	
34.12.1 Increasing Supply	
34.12.2 Decreasing Supply	
34.13 Means of Dispatch Communication	
34.13.1 Response Required by Resources to Dispatch Instructions	
34.13.2 Failure to Conform to Dispatch Instructions	
34.14 Metered Subsystems	
34.14.1 [Not Used]	
34.15 Treatment of Resource Adequacy Capacity in the RTM	
34.15.1 [Not Used]	
34.15.2 [Not Used]	
34.15.3 [Not Used]	
34.15.4 [Not Used]	
34.15.5 [Not Used]	
34.15.6 [Not Used]	
34.16 Real-Time Activities in the Hour Prior to Settlement Period	
34.16.1 Confirm Interchange Transaction Schedules (ITSS)	
34.16.2 [Not Used]	
34.16.3 [Not Used]	
34.17 Rules for Real-Time Dispatch of Imbalance Energy Resources	
34.17.1 Resource Constraints	
34.17.2 Calculation of Dispatch Operating Points After Instructions	
34.17.3 [Not Used]	
34.17.4 Inter-Hour Dispatch of Resources with Real-Time Energy Bids	
34.17.5 Inter-Hour Resources Dispatch without Real-Time Energy Bids	
34.17.6 Intra-Hour Exceptional Dispatches	
34.18 Ancillary Services in the Real-Time Market	

34.18.1 Dispatch of Self-Provided Ancillary Services	
34.18.2 Ancillary Services Requirements for RTM Dispatch	
34.19 Dispatch Information and Instructions	
34.19.1 Dispatch Information to be Supplied by the CAISO	
34.19.2 Dispatch Information to be Supplied by SC	
34.19.3 Dispatch Information to be Supplied by UDCs	
34.19.4 Dispatch Information to be Supplied by PTOs	
34.19.5 Dispatch Information to be Supplied by Balancing Authorities	
34.20 Pricing Imbalance Energy	
34.20.1 General Principles	
34.20.2 Determining Real-Time LMPs	
34.21 Temporary Waiver of Timing Requirements for the RTM	
34.21.1 Criteria for Temporary Waiver	
34.21.2 Information to be Published on Secure Communication System	
34.22 Real-Time Dispatch of RDRRs	
34.22.1 Testing of RDRRs	
35. Market Validation and Price Correction	Joint (specifically where applicable to RTM/EIM) – Section 29 incorporates this section by reference for the provisions applicable to both RTM and EIM.
35.1 Market Validation	
35.2 Timing of Price Correction Process	
35.3 Finality of Prices Subject to the Price Correction Process	
35.3.1 Price Corrections and Changes Pursuant to FERC Orders	
35.3.2 Processing and Publication Issues	
35.4 Scope of Price Corrections	
35.5 Price Correction Methodology	

35.6 Weekly Price Correction Report	
36. Congestion Revenue Rights	N/A – Section 29 does not apply any of the rules in this section 36 to EIM.
36.1 Overview of CRRs and Procurement of CRRs	
36.2 Types of CRR Instruments	
36.2.1 CRR Obligations	
36.2.2 CRR Options	
36.2.3 Point-To-Point CRRs	
36.2.4 [Not Used]	
36.2.5 Monthly CRRs	
36.2.6 Seasonal CRRs	
36.2.7 Long Term CRRs	
36.2.8 Limitations on Funding of CRRs	
36.3 CRR Specifications	
36.3.1 Quantity	
36.3.2 Term	
36.3.3 On-Peak and Off-Peak Specifications	
36.4 FNM for CRR Allocation and CRR Auction	
36.4.1 Adjustments to the FNM in Preparing the CRR FNM	
36.4.2 Simultaneous Feasibility	
36.4.3 Outages that may Affect CRR Revenue; Scheduling Requirements	
36.5 Candidate CRR Holder and CRR Holder Requirements	
36.5.1 Creditworthiness Requirements	
36.5.2 Required Training	
36.6 [Not Used]	
36.7 Bilateral CRR Transactions	
36.7.1 Transfer of CRRs	
36.7.2 Responsibility of the CAISO	
36.7.3 CRR Holder Reporting Requirement	
36.8 CRR Allocation	
36.8.1 Structure of the CRR Allocation Process	

36.8.2 Load Eligible for CRRs and Eligible CRR Sinks	
36.8.4 Eligible Sources for CRR Allocation	
36.8.5 Load Migration Between LSEs	
36.8.6 Load Forecasts Used to Calculate CRR MW Eligibility	
36.8.7 Reconfiguration of CRRs	
36.9 CRR Allocation to OBAALSEs	
36.9.1 Showing of Legitimate Need	
36.9.2 Prepayment of Wheeling Access Charge	
36.9.3 CRR Eligible Quantities	
36.9.4 Eligible CRR Sources and Sinks	
36.9.5 Priority Nomination Process	
36.10 CRR Allocation to Merchant Transmission Subsystems	
36.11 CRR Allocation to Merchant Transmission Facilities	
36.11.1 Eligibility for Merchant Transmission CRRs	
36.11.2 Procedure for Allocating Merchant Transmission CRRs	
36.11.3 CRRs Allocated to a Transmission Facility Project Sponsor	
36.12 [Not Used]	
36.13 CRR Auction	
36.13.1 Scope of the CRR Auctions	
36.13.2 Responsibilities of the CAISO Prior to Each CRR Auction	
36.13.3 CRR Holder Creditworthiness	
36.13.4 Bids in the CRR	
36.13.5 Eligible Sources and Sinks for CRR Auction	
36.13.6 Clearing of the CRR Auction	
36.13.7 Announcement of CRR Auction Results	

36.14 CRR Implications of new IBAAAs or Modifying Existing IBAAAs	
36.14.1 Coordination of IBAA Changes with Release of CRRs	
36.14.2 Modification to CRR Settlement to Reflect IBAA Changes	
36.14.3 IBAA Change Impact on Adequacy of Previously-Released CRRs	
36.15 [Not Used]	
37. Rules of Conduct	Joint (Except for 37.2) – Section 29 applies all of the Section 37 Rules of Conduct to EIM, except Section 37.2. Thus, subsection 37.2 is not applicable and the other subsections of this Section are joint to the extent the provision applies to RTM/EIM.
37.1 Objectives, Definitions, and Scope	
37.1.1 Purpose	
37.1.2 Objectives	
37.1.3 Application of Other Remedies	
37.1.4 [Not Used]	
37.1.5 Administration	
37.2 Comply with Operating Instructions	
37.2.1 Compliance with Orders Generally	
37.2.2 [Not Used]	
37.2.3 Operations and Maintenance Practices	
37.2.4 Resource Adequacy Availability	
37.2.5 [Not Used]	
37.2.6 [Not Used]	
37.3 Submit Feasible Bids and Submissions to Self-Provide	
37.3.1 Bidding Generally	
37.3.2 Exceptions	
37.4 Comply with Available Reporting Requirements	
37.4.1 Reporting Availability	
37.4.2 Scheduling and Final Approval of Outages	

37.4.3 [Not Used]	
37.4.4 Enhancements and Exceptions	
37.5 Provide Factually Accurate Information	
37.5.1 [Not Used]	
37.5.2 Inaccurate or Late Actual SQMD	
37.6 Provide Information Required by CAISO Tariff	
37.6.1 Required Information Generally	
37.6.2 Investigation Information	
37.6.3 Audit Materials	
37.6.4 Review by FERC	
37.7 [Not Used]	
37.8 Process for Investigation and Enforcement	
37.8.1 Purpose; Scope	
37.8.2 Referrals to FERC	
37.8.3 Investigation	
37.8.4 Notice	
37.8.5 Opportunity to Present Evidence	
37.8.6 Results of Investigation	
37.8.7 Statement of Findings and Conclusions	
37.8.8 [Not Used]	
37.8.9 Record of Investigation	
37.8.10 Review of Determination	
37.9 Administration of Sanctions	
37.9.1 Assessment, Waivers and Adjustments	
37.9.2 [Not Used]	
37.9.3 Settlement	
37.9.4 Disposition of Proceeds	
37.10 Miscellaneous	
37.10.1 Time Limitation	
37.10.2 No Limitation on other Rights	

37.11 Method for Calculating Penalties	
37.11.1 Inaccurate or Late Actual SQMD Penalty	
37.11.2 Inaccurate or Actual SQMD Penalty without Recalculation Settlement Statement	
38. Market Monitoring	<u>Note:</u> Section 38 has no substantive language and instead points to Appendices O and P. See the discussion for these two Appendices below.
39. Market Power Mitigation Procedures	Joint for Subsection 39.7 Only – Section 29 applies only subsection 39.7 to EIM, so that subsection is subject to Joint Authority for any requirements applicable to EIM. The rest of Section 39 in not applicable. Section 29 also establishes (in Section 29.39) additional mitigation rules that are specific to EIM, which also would be Joint.
39.1 Intent of CAISO Mitigation Measures; Additional FERC Filings	
39.2 Conditions for the Imposition of Mitigation Measures	
39.2.1 Conduct Inconsistent with Competitive Conduct	
39.3 Categories of Conduct that May Warrant Mitigation	
39.3.1 Conduct Regarding Bidding, Scheduling or Facility Operation	
39.3.2 Market Effects of Rules, Standards, Procedures, Other Items	
39.3.3 Using Different Prices in Other Markets as Appropriate	
39.3.4 Foregoing Category List Subject to Amendment as Appropriate	
39.4 Sanctions for Physical Withholding	
39.5 FERC-Ordered Measures	
39.6 Rules Limiting Certain Energy, AS, and RUC Bids	
39.6.1 Maximum Bid Prices	
39.7 Local Market Power Mitigation for Energy Bids	

39.7.1 Calculation of Default Energy Bids	
39.7.2 Competitive Path Designation	
39.7.3 Default Competitive Path Designations	
39.8 Eligibility for Bid Adder	
39.8.1 Bid Adder Eligibility Criteria	
39.8.2 New Generating Units	
39.8.3 Bid Adder Values	
39.9 CRR Monitoring and Affiliate Disclosure Requirements	
39.10 Mitigation of Exceptional Dispatches of Resources	
39.10.1 Measures for Resources Eligible for Supplemental Revenues	
39.10.2 Resources Not Eligible for Supplemental Revenues	
39.10.3 Eligibility for Supplemental Revenues	
39.10.4 Limitation on Supplemental Revenues	
39.10.5 Calculation of Exceptional Dispatch Supplemental Revenues	
39.11 Market Power Mitigation Applicable to Virtual Bidding	
39.11.1 Affiliate Disclosure Requirements	
39.11.2 Monitoring of Virtual Bidding Activity	
40. Resource Adequacy Demonstration for all SCs in the CAISO BAA	N/A – applicable only to CAISO BA; Section 29 does not incorporate any rules from this section.
40.1 Applicability	
40.1.1 [Not Used]	
40.2 Information Requirements for Resource Adequacy Programs	
40.2.1 Requirements for CPUC Load Serving Entities	
40.2.2 Non-CPUC Load Serving Entities	
40.2.3 [Not Used]	

40.2.4 Load-Following MSS	
40.3 Local Capacity Area Resource Requirements for SCs for LSEs	
40.3.1 Local Capacity Technical Study	
40.3.2 Allocation of Local Capacity	
40.3.3 Procurement of Local Capacity Area Resources by LSEs	
40.3.4 [Not Used]	
40.4 General Requirements on Resource Adequacy Resources	
40.4.1 Eligible Resources and Determination of Qualifying Capacity	
40.4.2 Net Qualifying Capacity Report	
40.4.3 General Qualifications for Supplying Net Qualifying Capacity	
40.4.4 Reductions for Testing	
40.4.5 Reductions for Performance Criteria	
40.4.6 Reductions for Deliverability	
40.4.7 Submission of Supply Plans	
40.5 [Not Used]	
40.5.1 [Not Used]	
40.5.2 [Not Used]	
40.5.3 [Not Used]	
40.5.4 [Not Used]	
40.5.5 [Not Used]	
40.6 Requirements for SCs and Resources for LSEs	
40.6.1 Day-Ahead Availability	
40.6.2 Real-Time Availability	
40.6.3 [Not Used]	
40.6.4 Availability Requirements for Resources with Operational Limitations that are not Qualified Use-Limits	

40.6.5 Additional Availability Requirements for System Resources	
40.6.6 Requirement for Partial Resource Adequacy Resources	
40.6.7 [Not Used]	
40.6.8 Use of Generated Bids	
40.6.9 Firm Liquidated Damages Contracts Requirements	
40.6.10 Exports of Energy from Resource Adequacy Capacity	
40.6.11 Curtailment of Exports in Emergency Situations	
40.6.12 Participating Load, PDRs, and RDRRs	
40.7 Compliance	
40.7.1 Other Compliance Issues	
40.7.2 Penalties for Non-Compliance	
40.8 CAISO Default Qualifying Capacity Criteria	
40.8.1 Applicability	
40.9 Resource Adequacy Availability Incentive Mechanism	
40.9.1 Introduction to RAAIM	
40.9.2 Exemptions	
40.9.3 Availability Assessment	
40.9.4 Additional Rules on Calculating Monthly and Daily Average Availability	
40.9.5 Availability Standard	
40.9.6 Non-Availability Charges and Availability Incentive Payments	
40.9.7 Reporting	
40.10 Flexible RA Capacity	
40.10.1 Flexible Capacity Needs Assessment	
40.10.2 Allocation of Flexible Capacity Needs	
40.10.3 Flexible Capacity Categories	

40.10.4 Effective Flexible Capacity	
40.10.5 Flexible RA Capacity Plans	
40.10.6 Flexible RA Capacity Must-Offer Obligation	
41. Procurement of RMR Resources	N/A – applicable only to CAISO BA; Section 29 does not incorporate any rules from this Section.
41.1 Procurement of Reliability Must-Run Resources by the CAISO	
41.2 Designation of Resources as Reliability Must-Run Resources	
41.2.1 Formal Withdrawal Notice Applicable to Generating Units	
41.2.2 Processing Retirement/Mothball Notices	
41.3 Reliability Studies and Determination of RMR Status	
41.4 Not Used	
41.5 RMR Dispatch	
41.5.1 Day-Ahead and RTM RMR Dispatch	
41.5.2 RMR Payments	
41.5.3 Provisions of Ancillary Services and other Reliability Services	
41.6 [Not Used]	
41.7 Non-Availability Charges and Availability Incentive Payments	
41.8 Allocating Resource Adequacy Credits for RMR Designations	
41.9 Allocation of Reliability Must-Run Contract Costs	
41.9.1 [Not Used]	
42. Adequacy of Facilities to Meet Applicable Reliability Criteria	N/A – applicable only to CAISO BA; Section 29 does not incorporate any rules from this Section.
42.1 Generation Planning Reserve Criteria	
42.1.1 <i>No Header</i>	
42.1.2 Applicable Reliability Criteria Met in Peak Demand	

42.1.3 Applicable Reliability Criteria Not Met in Peak Demand	
42.1.4 Lowest Cost Bids Satisfying Applicable Reliability Criteria	
42.1.5 CAISO to Take Necessary Steps to Ensure Criteria Compliance	
42.1.6 Long Term Forecast for Information Purposes	
42.1.7 Reliance on Market Forces to Maximize Possible Extent	
42.1.8 Allocation of Costs Incurred by CAISO in Trading Hour to SCs	
42.1.9 Costs for Difference in Schedules and Real-Time Deviations	
42.2 Transferred Frequency Response	
42.2.1 Procurement of Transferred Frequency Response	
42.2.2 Allocation of Transferred Frequency Response Costs Incurred	
43. [Not Used]	
43A. Capacity Procurement Mechanism	N/A – applicable only to CAISO BA; Section 29 does not incorporate any rules from this Section.
43A.1 Applicability	
43A.2 Capacity Procurement Mechanism Designation	
43A.2.1 SC Failure to Show Sufficient Local Capacity Area Resources	
43A.2.2 Collective Deficiency in Local Capacity Area Resources	
43A.2.3 SC Failure to Show Sufficient Resource Adequacy Resources	
43A.2.4 CPM Significant Events	
43A.2.5 Exceptional Dispatch CPM	
43A.2.6 [Not Used]	

43A.2.7 Cumulative Deficiency in Flexible RA Capacity	
43A.3 Terms of CPM Designation	
43A.3.1 SC Annual Plan Failure to Show Local Capacity Area Resources	
43A.3.2 SC Month Plan Failure to Show Local Capacity Area Resources	
43A.3.3 Annual Plan Collective LCA Resources Insufficient	
43A.3.4 SC Failure to Show Sufficient Resource Adequacy Resources	
43A.3.5 Term – CPM Significant Event	
43A.3.6 Term – Exceptional Dispatch CPM	
43A.3.7 [Not Used]	
43A.3.8 Term – Flexible Capacity CPM Designation	
43A.4 Selection of Eligible Capacity Under the CPM through Competitive Solicitation Processes (CSP) and General Eligibility Rules	
43A.4.1 Offer Rules to the CSPs	
43A.4.2 Administering the CSPs	
43A.4.3 Designation Amount.	
43A.5 Obligations of a Resource Designated Under the CPM	
43A.5.1 Availability Obligations.	
43A.5.2 Obligation to Provide Capacity and Termination	
43A.5.3 Availability Obligations for Simultaneous Designations.	
43A.5.4 Individualized Non-Availability Charges and Availability Incentive Payments	
43A.6 Reports	
43A.6.1 CPM Designation Market Notice	
43A.6.2 Designation of a Resource Under the CPM	
43A.6.3 Non-Market and Repeated Market Commitment of Non-RA Capacity	

43A.6.4 Publication of Offers Submitted to the Competitive Solicitation Process	
43A.7 Payments to Capacity Designated Under the CPM	
43A.7.1 Calculation of Monthly CPM Capacity Payment	
43A.7.2 Payments for Overlapping CPM Designations to the Same Resource	
43A.7.3 Market Payments	
43A.8 Allocation of CPM Capacity Payment Costs	
43A.8.1 LSE Shortage of Local Capacity Area Resources in Annual Plan	
43A.8.2 LSE Shortage of Local Capacity Area Resources in Month Plan	
43A.8.3 Collective Deficiency in Local Capacity Area Resources	
43A.8.4 LSE Shortage of Demand or Reserve Margin Requirement in Plan	
43A.8.5 Allocation of CPM Significant Event Costs	
43A.8.6 Allocation of Exceptional Dispatch CPMs	
43A.8.7 [Not Used]	
43A.8.8 Allocation of Flexible Capacity CPM Costs	
43A.9 Crediting of CPM Capacity	
43A.10 [Not Used]	
44. Flexible Ramping Product	Joint – Section 29 applies this Section to EIM and thus it is subject to Joint Authority.
44.1 In General.	
44.2 Uncertainty Awards	
44.2.1 Optimization.	
44.2.2 Variable Energy Resources.	
44.2.3 Eligibility for Uncertainty Award.	
44.2.4 Determination of Uncertainty Requirement.	
44.3 Forecasted Movement	

44.3.1 Generally.	
44.3.2 RTD Forecasted Movement.	
44.3.3 FMM Forecasted Movement.	
Appendix A Master Definition Supplement	Partially Joint – This Appendix defines all capitalized terms that appear in the Tariff. The definitions for all terms that apply to EIM would be Joint.
Appendix B Pro Forma Agreements	Mostly N/A, because most of the pro-forma agreements apply only to the CAISO BA. The pro-forma agreements that apply to EIM would be subject to Joint Authority. They are identified below.
Appendix B.1 Scheduling Coordinator Agreement	
Appendix B.2 Participating Generator Agreement	
Appendix B.3 Net Schedule Participating Generator Agreement	
Appendix B.4 Participating Load Agreement	
Appendix B.5 Dynamic Scheduling Agreement for Scheduling Coordinators	
Appendix B.6 MSA for Metered Entities (MSA CAISOME)	
Appendix B.7 Meter Service Agreement for Scheduling Coordinators	Joint
Appendix B.8 Utility Distribution Company Operating Agreement (UDCOA)	
Appendix B.9 Dynamic Scheduling Host Balancing Authority Operating Agreement (DSHBAOA)	
Appendix B.10 Small Utility Distribution Company Operating Agreement (SUDCOA)	
Appendix B.11 Congestion Revenue Rights (CRR) Entity Agreement	
Appendix B.12 Metered Subsystem (MSS) Entity Agent Agreement	
Appendix B.13 Resource-Specific System Resource Agreement	
Appendix B.14 Demand Response Provider Agreement (DRPA)	

Appendix B.15 Convergence Bidding Entity Agreement (CEBA)	
Appendix B.16 Pseudo-Tie Participating Generator Agreement (PPGA)	
Appendix B.17 Energy Imbalance Market Entity Agreement (EIMIA)	Joint
Appendix B.18 Energy Imbalance Market Scheduling Coordinator Agreement (EIMSCA)	Joint
Appendix B.19 Energy Imbalance Market Participating Resource Agreement (EIMPRA)	Joint
Appendix B. 20 Energy Imbalance Market Participating Resource Scheduling Coordinator Agreement (EIMPRSCA)	Joint
Appendix B.21 Distributed Energy Resource Provider Agreement (DERPA)	
Appendix B.22 Reliability Coordinator Services Agreement (RCSA)	
Appendix C Locational Marginal Price	Partially Joint – The LMP provisions that apply to EIM prices are Joint. The rest of the provisions in this Appendix are N/A.
Appendix D Black Start Generating Units	N/A – applies only to CAISO BA
Appendix E Submitted Ancillary Services Data Verification	N/A – applies only to CAISO BA
Appendix F Rate Schedules	N/A – EIM market participants are not charged these rates. They instead pay an EIM administrative charge that is calculated under the rules set forth in Section 29.11(i), which is subject to Joint Authority.
Appendix G Pro Forma Reliability Must-Run Contract	N/A – applies only to CAISO BA
Appendix H Legacy Reliability Must-Run Contract CAISO Tariff Provisions	N/A – applies only to CAISO BA
Appendix I Station Power Protocol	N/A – applies only to CAISO BA
Appendix J Grandfathered Standard Capacity Product Provisions	N/A – applies only to CAISO BA

Appendix K Ancillary Service Requirements Protocol (ASRP)	N/A – applies only to CAISO BA
Appendix L Method to Assess Available Transfer Capability	N/A – applies only to CAISO Controlled Grid/BA
Appendix M Dynamic Scheduling Protocol (DSP)	N/A – applies only to CAISO BA
Appendix N Pseudo-Tie Protocols	N/A – applies only to CAISO BA
Appendix O CAISO Market Surveillance Committee	N/A because these are not market rules. If the straw proposal to change how MSC members are appointed is adopted, then Section 4.4 of Appendix O would be amended and that provision would become subject to Joint Authority.
Appendix P CAISO Department of Market Monitoring	N/A because these are not market rules and generally are dictated by FERC regulations governing market monitoring.
Appendix Q Eligible Intermittent Resource Protocol (EIRP)	N/A – applies only to CAISO BA
Appendix R [Not Used]	N/A
Appendix S Small Generator Interconnection Procedures (SGIP)	N/A – applies only to CAISO Controlled Grid
Appendix T Small Generator Interconnection Agreement (SGIA) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid
Appendix U Large Generator Interconnection Procedures (LGIP)	N/A – applies only to CAISO Controlled Grid
Appendix V Large Generator Interconnection Agreement (LGIA) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid
Appendix W Amendment No. 39 Interconnection Procedures	N/A – applies only to CAISO Controlled Grid
Appendix X Approved Project Sponsor Agreement (APSA) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid

Appendix Y Generator Interconnection Procedures (GIP) for Interconnection Requests	N/A – applies only to CAISO Controlled Grid
Appendix Z Large Generator Interconnection Agreement for Interconnection Requests Process Under the Generator Interconnection Procedures	N/A – applies only to CAISO Controlled Grid
Appendix AA Grandfathered Resource Adequacy Provisions for February 2018 to March 2018	N/A – applies only to CAISO BA
Appendix BB Standard Large Generator Interconnection Agreement (LGIA) for Interconnection Requests in a Serial Study Group <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid
Appendix CC Large Generator Interconnection Agreement (LGIA) for Interconnection Requests in a Queue Cluster Window <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid
Appendix DD Generator Interconnection and Deliverability Allocation Procedures (GIDAP)	N/A – applies only to CAISO Controlled Grid
Appendix EE Large Generator Interconnection Agreement (LGIA) for Interconnection Requests Processed Under the Generator Interconnection and Deliverability Allocation Procedures (GIDAP) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid
Appendix FF Small Generator Interconnection Agreement (SGIA) for Interconnection Requests Processed Under the Generator Interconnection and Deliverability Allocation Procedures (GIDAP) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid
Appendix GG [Not Used]	N/A
Appendix HH Generator Interconnection Agreement Amendment Regarding Downsizing	N/A – applies only to CAISO Controlled Grid
Appendix II Market-Based Rate Authority Suspension	N/A – applies only to CAISO BA

Appendix C: Glossary of Abbreviations

Abbreviation	Description
AWEA	American Wind Energy Association
ACP	American Clean Power (formerly known as AWEA)
Board	Board of Governors of the California ISO
BOSR	Body of State Regulators
BPA	Bonneville Power Administration
Cal CCA	California Community Choice Association
Chelan	Chelan County Public Utility District
CAISO	California Independent System Operator
CMUA	California Municipal Utilities Association
CPUC	California Public Utilities Commission
CPUC ED	California Public Utilities Commission Energy Division
CPUC PAO	California Public Utilities Commission Public Advocates Office
DMM	Department of Market Monitoring
EDAM	Extended Day-Ahead Market
EIM	Energy Imbalance Market
Joint EIM Entities ³²	Avista, Arizona Public Service, Balancing Authority of Northern California, Bonneville Power Administration, Idaho Power Company, Los Angeles Department of Water and Power, NorthWestern Energy, PacifiCorp, Portland General Electric Company, Public Service Company of New Mexico, Puget Sound Energy, Salt River Project, Seattle City Light, Tacoma Power, Tucson Electric Power, Turlock Irrigation District, Xcel Energy
Governing Body	EIM Governing Body
GRC	Governance Review Committee
ISO	Independent System Operator
Joint Commenters	American Clean Power Association, California Municipal Utilities Association, Environmental Defense Fund, Environmental Entrepreneurs, Independent Energy Producers Association, Natural Resources Defense Counsel, Union of Concerned Scientists, Professor William Boyd, Professor Arun Majumdar, Professor James Sweeney
MSC	Market Surveillance Committee
NVE	NV Energy
NRU	Northwest Requirement Utilities
GBME	Governing Body Market Expert
PG&E	Pacific Gas and Electric
PGP	Public Generating Pool
PIO	Public Interest Organization
PPC	Public Power Council
PPU	Public Power Utilities
PMA	Federal Power Marketing Agency
POU	Publicly Owned Utility

³² This is a list of EIM entities that offered joint comments on the EIM Governance Review Committee May 12, 2021 Straw Proposal – Delegation of Authority Issues.

POU EIM Entities	Balancing Authority of Northern California, Los Angeles Department of Water and Power, Salt River Project, Seattle City Light, Turlock Irrigation District
RTO	Regional Transmission Organization
SCE	Southern California Edison
Six Cities	Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California
SRMP	State Regulated Market Participants
WAPA	Western Area Power Administration

Appendix D: Documents Cited

Reference	Document
Bylaws	The California ISO corporate bylaws, available at http://www.caiso.com/Documents/ISOCorporateBylaws_amendedandrestated_.pdf
Charter	Charter for Energy Imbalance Market Governance, March 27, 2019 (version 1.3), available at https://www.westerneim.com/Documents/CharterforEnergyImbalanceMarketGovernance.pdf
Guidance Document	Guidance for Handling Policy Initiatives within the Decisional Authority or Advisory Role of the EIM Governing Body, March 27, 2019 (version 1.1), available at https://www.westerneim.com/Documents/GuidanceforHandlingPolicyInitiatives-EIMGoverningBody.pdf
Open Meeting Policy	Open Meeting Policy, December 9, 2019 (version 3.8), available at https://www.caiso.com/Documents/CaliforniaISOOpenMeetingPolicy.pdf
Scoping Paper	EIM Governance Review Committee January 29, 2020 Scoping Paper, available at https://www.westerneim.com/Documents/ScopingPaper-EIMGovernanceReviewCommittee.pdf
Straw Proposal	EIM Governance Review Committee July 31, 2020 Straw Proposal, available at http://www.caiso.com/InitiativeDocuments/StrawProposal-EIMGovernanceReviewCommittee.pdf
Revised Straw Proposal	EIM Governance Review Committee December 14, 2020 Revised Straw Proposal, available at http://www.caiso.com/InitiativeDocuments/Revised_Straw%20Proposal_Western_EIM_Governance_Review.pdf
Part One Draft Final Proposal	EIM Governance Review Committee April 12, 2021 Part One Draft Final Proposal, available at http://www.caiso.com/InitiativeDocuments/PartOneDraftFinalProposal_EIMGovernanceReview.pdf
Straw Proposal – Delegation of Authority Issues	EIM Governance Review Committee May 12, 2021 Straw Proposal – Delegation of Authority Issues, available at http://www.caiso.com/InitiativeDocuments/Straw%20Proposal%20-%20Delegation%20of%20Authority%20Issues%20-%20EIM%20Governance%20Review.pdf
Selection Policy	Selection Policy for the EIM Governing Body (as adopted) Version # 1.1, available at https://www.westerneim.com/Documents/SelectionPolicy_EIMGoverningBody.pdf
Tariff	CAISO FERC approved tariff, available at http://www.caiso.com/rules/Pages/Regulatory/Default.aspx