

# Notice

**To:** Ashutosh Bhagwat, Chair, Board of Governors  
Anita J. Decker, Chair, EIM Governing Body

**From:** Roger Collanton, Vice President, General Counsel and Corporate Secretary

**Date:** January 31, 2022

**Re:** Notice of Planned Decisional Classification for “Adjustment to Intertie Constraint Penalty Prices”

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***Any objection by the Chairs to this decisional classification is due by February 2, 2022, by 3:00 pm.***

This is formal notice of ISO Management’s decisional classification for the “Adjustment to Intertie Constraint Penalty Prices” initiative. Any objection by the Chairs to the decisional classification is due by February 4, 2022 by 3:00 p.m. Otherwise, this initiative will be presented for decision consistent with the classification described below.<sup>1</sup>

This initiative falls within the EIM Governing Body’s advisory role. It falls outside the scope of joint authority because the proposed changes to the penalty prices at the CAISO interties would not be applicable to EIM Entity balancing authority areas, EIM Entities, or other market participants within EIM Entity balancing authority areas, in their capacity as participants in EIM. Instead, the proposed tariff rules apply only to the CAISO balancing authority area or to the CAISO-controlled grid. The proposed penalty price adjustments are not rules of the EIM, but instead are used to ensure overscheduling does not occur on the CAISO’s intertie scheduling points, which is a function the ISO would perform even in the absence of EIM.

The ISO held a stakeholder call on its draft final proposal on January 20, 2022, with written stakeholder comments, including the proposed classification, due on February 3, 2022. In the interest of timely opportunity to review the proposal, the ISO is sending this notice of decisional classification now. The ISO does not anticipate receiving any objections to the decisional classification in the draft final proposal. If, however, that occurs, we will alert you and revise this Notice to the extent necessary.

The draft final proposal for this initiative is located [here](#). Additional material for this initiative can be located [here](#).

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<sup>1</sup> The process is described in the [Guidance for Handling Policy Initiatives that may Come Before the EIM Governing Body](#)