

Reliability Capacity Services Tariff

Currently Effective ISO Tariff

Grayed Language is Compliance Filing language still pending at FERC.

1) all of their Available Generation and 2) any Ancillary Services capacity awarded or self-provided in the Day-Ahead or Hour-Ahead Ancillary Services markets. In the absence of submitted bids, default bids will be used for resources required to offer their Available Generation in accordance with Section 40.7.4. Resources not required to offer their Available Generation in accordance with Section 40.7.4 that were awarded or self-provided Ancillary Services capacity must submit an Energy Bid for no less than the amount of awarded or self-provided Ancillary Services capacity. Resources not required to offer their Available Generation in accordance with Section 40.7.4 may voluntarily submit Energy Bids. Submitted Energy Bids shall be subject to the Damage Control Bid Cap as set forth in Section 39.1 and to the Mitigation Measures set forth in Attachment A to Appendix P.

34.1.2.1.1 Frequently Mitigated Adders

Generating Units of Participating Generators for which the ISO denies a must-offer waiver request and for which only a portion of their capacity is Eligible Capacity, as well as self-scheduled Generating Units of Participating Generators that have Eligible Capacity, that submit Supplemental Energy bids that are mitigated under Section 3.2.2.2 of Appendix P five times in a single Trading Day, based on five-minute dispatch periods, shall receive a supplemental payment adder ("Frequently Mitigated Adder") for the Dispatched Energy that is mitigated for each mitigated interval in that Trading Day beginning with the 10-minute settlement interval of the fifth mitigation and continuing for each following 10-minute settlement interval through the remainder of the Trading Day, provided that the Frequently Mitigated Adder plus the Mitigated Price does not exceed the resources' original Supplemental Bid. The Frequently Mitigated Adder shall be \$40 per megawatt hour multiplied by the ratio of the Eligible Capacity (excluding any portion of minimum load capacity that is not also Resource Adequacy, RMR or designated under RCST) to the total Qualifying Capacity (excluding minimum load level) of the Generating Unit. Generating Units shall not receive Frequently Mitigated Adders in connection with decremental dispatches.

The total amount of Frequently Mitigated Adders that any Generating Unit can receive in a Trading Day shall not exceed the Must-Offer Capacity Payment that the Generating Unit would have received pursuant to Section 40.14 if the ISO had denied a must-offer waiver denial request. Further, Frequently Mitigated

Adders will stop accruing in any calendar month once the combined value for that month of Frequently Mitigated Adders, Must-Offer Capacity Payments and Minimum Load imbalance energy payments under Section 40.8.3 reaches the level of the Monthly RCST Charge (established in Schedule 6 of Appendix F) reduced by the PER (established in Schedule 6 of Appendix F) for that month multiplied by the megawatts of Eligible Capacity of that Generating Unit. This Section 34.1.2.1.1 shall expire at midnight on the earlier of the **day before the MRTU Tariff goes into effect or the day preceding the effective date of any successor backstop capacity procurement mechanism to the RCST.**

34.1.2.1.2 Allocation of Frequently Mitigated Adder Costs

Costs incurred under Section 34.1.2.1.1 will be allocated in accordance with Section 27.1.3.

34.1.2.2 Real-Time Energy Bid Partition.

The portion of the single Energy Bid that corresponds to the high end of the resource's operating range, shall be allocated to any awarded or self-provided Ancillary Services in the following order from higher to lower capacity: (a) Regulation Up; (b) Spinning Reserve; (c) Non-Spinning Reserve; and (d) Replacement Reserve. For resources providing Regulation Up, the upper regulating limit shall be used if it is lower than the highest operating limit. The remaining portion of the Energy Bid (i.e. that portion not associated with capacity committed to provide Ancillary Services) shall constitute a Bid to provide Supplemental Energy.

34.1.2.3 Creation of the Real-Time Merit Order Stack.

34.1.2.3.1 Sources of Imbalance Energy.

The following Energy Bids will be considered in the creation of the real-time merit order stack for Imbalance Energy:

- (a) Supplemental Energy Bids;
- (b) Ancillary Services Energy Bids (except for Regulation) submitted for specific Ancillary Services for those resources which have been selected in the ISO's Ancillary Services auction to supply such specific Ancillary Services; and
- (c) Ancillary Services Energy Bids (except for Regulation) submitted for specific Ancillary Services

40.6A.6 Resource Adequacy Resource Obligation Process.

Resource Adequacy Resources may seek a waiver of the obligation to offer all Available Generation, as set forth in Section 40.6A.4 of this ISO Tariff, for one or more of their units. All Resource Adequacy Resources obligated under their respective Resource Adequacy Plans that have not submitted Day-Ahead Energy Schedules will be deemed to have requested a waiver, either implicitly or explicitly, of the obligation to offer all Available Generation. If conditions permit, the ISO may, at its sole discretion, grant waivers and allow a Resource Adequacy Resource to remove one or more Generating Units from service and, in doing so, the ISO will first grant waivers to FERC Must-Offer Generators, on a non-discriminatory basis, that are not also Resource Adequacy Resources, and then, if permissible, the ISO may grant waivers to Resource Adequacy Resources or resources designated as RCST on a non-discriminatory basis.

The hours for which waivers are not granted shall constitute Waiver Denial Periods. A Waiver Denial Period shall be extended as necessary to accommodate the unit minimum up and down times. Units shall be on-line in real time during Waiver Denial Periods, or they will be in violation of the availability. Exceptions shall be allowed for verified forced outages or as otherwise set forth in Section 40.6A.5. The ISO may revoke waivers as necessary due to outages, changes in Load forecasts, or changes in system conditions. The ISO shall determine which waiver(s) will be revoked, and shall notify the relevant Scheduling Coordinator(s). To the extent conditions permit, the ISO will revoke the waivers of Resource Adequacy Resources and RCST resources prior to revoking the waivers of FERC Must-Offer Generators. The ISO shall inform a Resource Adequacy Resource that its Waiver request has been approved, disapproved or revoked, and shall provide the Resource Adequacy Resource with the reason(s) for the decision, which reasons shall be non-discriminatory apart from the status of whether the unit is a Resource Adequacy Resource. The ISO will: (1) notify Resource Adequacy Resources of the ISO decisions on pending Waiver requests received no later than 10:00 a.m. (beginning of Hour Ending 11) no later than 11:30 a.m. (middle of Hour Ending 12) on the day before the operating day for which the Waivers are requested; (2) at any time but no later than 11:30 a.m. on the following day, notify Resource

regardless of whether the person is a “public utility” as defined in Section 201 of the Federal Power Act, that own or control one or more non-hydroelectric Generating Units or System Units or System Resources located in California from which energy or capacity is either: (i) sold through any market operated by the ISO, or (ii) transmitted over the ISO Controlled Grid. Each person described in this Section 40.7.1 is referred to in the ISO Tariff as a “FERC Must-Offer Generator”, provided that such person with Eligible Capacity designated as RCST shall not be considered a FERC Must-Offer Generator to the extent, and for the term, of the RCST designation. The requirements of this Section 40.7 shall apply to all non-hydroelectric Generating Units located in California that are owned or controlled by a FERC Must-Offer Generator.

40.7.2 Available Generation.

For the purposes of Section 40.7, a FERC Must-Offer Generator’s “Available Generation” from a non-hydroelectric Generating Unit shall be: (a) the Generating Unit’s maximum operating level adjusted for any outages or reductions in capacity reported to the ISO in accordance with Section 9.3.9 or 40.7.3 and for any limitations on the Generating Unit’s operation under applicable law, including contractual obligations, which shall be reported to the ISO, (b) minus the Generating Unit’s scheduled operating level as identified in the ISO’s Final Hour-Ahead Schedule, (c) minus the Generating Unit’s or System Unit’s capacity committed to provide Ancillary Services to the ISO either through the ISO’s Ancillary Services market or through self-provision by a Scheduling Coordinator, and (d) minus the capacity of the Generating Unit committed to deliver Energy or provide Operating Reserve to the FERC Must-Offer Generator’s Native Load.

40.7.3 Reporting Requirements for Non-Participating Generators.

So that the ISO may determine the Available Generation of all FERC Must-Offer Generators, FERC Must-Offer Generators that are not Participating Generators shall be required to file with the ISO, for each non-hydroelectric Generating Unit located in California they own or control: (i) the Generating Unit’s minimum operating level; (ii) the Generating Unit’s maximum operating level; and (iii) the Generating Unit’s ramp rates at all operating levels; and (iv) such other information the ISO determines is necessary to determine

available generation and to dispatch FERC Must-Offer Generators. In addition, FERC Must-Offer Generators that are not Participating Generators must, consistent with the notification obligations of Participating Generators and in order to comply with the intent of this Section 40.7, notify the ISO, as soon as practicable, of any Planned Maintenance Outages, Forced Outages, Force Majeure Event outages or any other reductions in their maximum operating

discretion, grant waivers and allow a FERC Must-Offer Generator to remove one or more Generating Units or System Units from service. In doing so, the ISO will first grant waivers to FERC Must-Offer Generators, on a non-discriminatory basis, that are not also Resource Adequacy Resources and then, if permissible, the ISO may grant waivers to Resource Adequacy Resources or resources designated as RCST on a non-discriminatory basis.

The hours for which waivers are not granted shall constitute Waiver Denial Periods. A Waiver Denial Period shall be extended as necessary to accommodate Generating Unit minimum up and down times. Generating Units shall be on-line in real time during Waiver Denial Periods, or they will be in violation of the must-offer obligation. Exceptions shall be allowed for verified forced outages. The ISO may revoke waivers as necessary due to outages, changes in Load forecasts, or changes in system conditions. The ISO shall determine which waiver(s) will be revoked, and shall notify the relevant Scheduling Coordinator(s). To the extent conditions permit, the ISO will revoke the waivers of Resource Adequacy Resources and RCST resources prior to revoking the waivers of other FERC Must-Offer Generators. The ISO shall inform a FERC Must-Offer Generator that its Waiver request has been approved, disapproved or revoked, and shall provide the FERC Must-Offer Generator with the reason(s) for the decision, which reasons shall be non-discriminatory. The ISO will: (1) notify FERC Must-Offer Generators of the ISO decisions on pending Waiver requests received no later than 10:00 a.m. (beginning of Hour Ending 11) no later than 11:30 a.m. (middle of Hour Ending 12) on the day before the operating day for which the Waivers are requested; (2) at any time but no later than 11:30 a.m. on the following day, notify FERC Must-Offer Generators of the ISO decisions on Waiver requests that were submitted to the ISO after 10:00 a.m. (beginning of Hour Ending 11) on the day before; (3) end Waiver Denial Periods at any time; and (4) revoke Waivers at any time, while making best attempts to revoke a Waiver at least 90 minutes prior to the time a unit would be required to be on-line generating at its Pmin.

40.8 Recovery of Minimum Load Costs By FERC Must-Offer Generators.

40.8.1 Eligibility.

Except as set forth below, Generating Units shall be eligible to recover Minimum Load Costs during

Waiver Denial Periods. Units from FERC Must-Offer Generators that incur Minimum Load Costs during hours for which the ISO has granted to them a waiver shall not be eligible to recover such costs for such hours. When a FERC Must-Offer Generator has a Final Hour-Ahead Energy Schedule, the FERC Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such hours within a Waiver Denial Period. When, on a 10-minute Settlement Interval basis, a FERC Must-Offer Generator generating at minimum operating level in compliance with the must-offer obligation, produces a quantity of Energy that varies from its minimum

constraints may be imposed beyond those explicitly stated in the plan.

40.14 Capacity Payments Under the FERC Must-Offer Obligation.

As set forth in this Section, Generating Units of FERC Must-Offer Generators that are eligible to recover Minimum Load Costs pursuant to Section 40.8 shall also be eligible to recover a Must-Offer Capacity Payment during Waiver Denial Periods, in addition to such Minimum Load Costs, provided the Generating Unit does not have an RMR contract, is not a Resource Adequacy Resource and is not designated as RCST. The Must-Offer Capacity Payment shall equal $1/17^{\text{th}}$ of the Monthly RCST Charge as specified in Schedule 6 of Appendix F per megawatt for each day of the Waiver Denial Period, adjusted pro rata for any hours of that day in which the Generating Unit was ineligible for the recovery of Minimum Load Costs. For any Trading Day of a calendar month, if the sum of (i) total Must-Offer Capacity Payments that a FERC Must-Offer Generator has received for a Generating Unit under this Section 43.14 during that month, (ii) the total Imbalance Energy payments received when that Generating Unit is running at minimum load, and (iii) the Frequently Mitigated Adder under Section 34.1.2.1.1 during the calendar month, exceeds the Qualifying Capacity times the maximum Monthly RCST Charge (established in Schedule 6 of Appendix F) reduced by the Monthly PER (established in Schedule 6 of Appendix F), the FERC Must-Offer Generator shall not be eligible to receive Must-Offer Capacity Payments or the Frequently Mitigated Adder under Section 34.1.2.1.1 for that Generating Unit for that Trading Day, nor for any other Trading Day in the remainder of the calendar month (but shall continue to recover Minimum Load Costs and imbalance Energy payments). This Section 40.14 shall expire at midnight on the earlier of December 31, 2007 or the date immediately before the MRTU goes into effect.

40.14.1 Allocation of Must-Offer Capacity Payments

The ISO shall determine whether the Must-Offer Capacity Payment costs for each FERC Must-Offer Generator Generating Unit operating during a waiver denial period are due to (1) local reliability requirements, (2) zonal requirements, or (3) Control Area-wide requirements. For each month, the ISO shall sum the Must-Offer Capacity Payments costs and shall allocate those costs as follows:

- (1) if the Generating Unit was operating to meet local reliability requirements, the Must-Offer Capacity Payment costs shall be considered incremental locational costs and shall be allocated in accordance with Section 40.8.6 (1).
- (2) if the Generating Unit was operating due to Zonal requirements, the Must-Offer Capacity Payment costs shall be allocated in accordance with Section 40.8.6 (2)
- (3) if the Generating Unit was operating to satisfy an ISO Control Area-wide need, the Must-Offer Capacity Payment costs shall be allocated in accordance with Section 40.8.6 (3).

40.15 Must-Offer Reporting Requirements

Sections 40.15 through 40.15.4 shall expire at midnight on the earlier of the day before the MRTU Tariff goes into effect or the day preceding the effective date of any successor backstop capacity procurement mechanism to the RCST.

40.15.1 Must-Offer Waiver Denial Report

The ISO shall publish a Must-Offer Waiver Denial Report ("MOWD Report") on the ISO Website on a weekly basis and shall provide a market notice of its availability. The MOWD Report shall indicate the category of the must-offer waiver denial, *i.e.*, local, zonal or system, and the amount of megawatts involved in each category. On a daily basis, thirty (30) days after the Trade Day, the ISO will publish on OASIS the allocation of Un-Recovered Minimum Load Costs for RCST and Resource Adequacy Resources and Minimum Load Costs for FERC Must-Offer Generators.

40.15.2 Monthly Minimum Load Cost Report

On a monthly basis, thirty (30) days after the Trade Day, the ISO will publish on ISO Website, the monthly allocation of Un-Recovered Minimum Load Costs for RCST and Resource Adequacy Resources, Minimum Load Costs for FERC Must-Offer Generators.

40.15.3 Multiple Denial of FERC Must-Offer Waivers

If the ISO issues a denial of must-offer waivers to a FERC Must-Offer Generator on four separate days in any calendar year, the ISO shall evaluate whether a Significant Event has occurred that warrants designation of the FERC Must-Offer Generator to provide service under the RCST ("MOWD Evaluation").

The ISO shall conduct a MOWD Evaluation after every four separate days on which the ISO denies a must-offer waiver request for such a FERC Must-Offer Generator.

40.15.4 Significant Event/Repeat Waiver Denial Report

The ISO shall publish the results of its assessment of the MOWD Evaluation ("Significant Event/Repeat MOWD Report"), including an explanation of its decision whether to designate FERC Must-Offer Generator capacity as RCST, on the ISO Website on a weekly basis unless no Significant Events or MOWD Evaluations occurred during the week. The ISO will provide a market notice of the availability of each Significant Event/Repeat MOWD Report. The Significant Event/Repeat MOWD Report shall explain why the ISO denied the must-offer waiver request that triggered the assessment of whether a Significant Event occurred, and whether any Resource Adequacy Resources, RMR units, or resources designated to provide service under the RCST were available and called upon by the ISO prior to its denial of the FERC Must-Offer Generator's must-offer waiver request. The ISO shall also explain why Non-Generation Solutions were insufficient to prevent the use of denials of must-offer waivers for local reasons. In the event that the ISO denies a must-offer waiver request for local or system reasons that do not constitute a Significant Event or is not due to a Resource Adequacy Resource non-performance, the report shall include an explanation for such issuance and shall be signed by the ISO's Vice President of Operations.

41 Procurement of RMR.

42 Assurance of Adequate Generation and Transmission to meet Applicable Operating and Planning Reserve.

42.1 Generation Planning Reserve Criteria.

Generation planning reserve criteria shall be met as follows:

42.1.1 On an annual basis, the ISO shall prepare a forecast of weekly Generation capacity and weekly peak Demand on the ISO Controlled Grid. This forecast shall cover a period of twelve months and be posted on the WEnet and the ISO may make the forecast available in other forms at the ISO's

option.

42.1.2 If the forecast shows that the applicable WECC/NERC Reliability Criteria can be met during peak Demand periods, then the ISO shall take no further action.

42.1.3 If the forecast shows that the applicable WECC/NERC Reliability Criteria cannot be met during peak Demand periods, then the ISO shall facilitate the development of market mechanisms to bring the ISO Controlled Grid during peak periods into compliance with the Applicable Reliability Criteria (or such more stringent criteria as the ISO may impose pursuant to Section 7.2.2.2). The ISO shall solicit bids for Replacement Reserve in the form of Ancillary Services, short-term Generation supply contracts of up to one (1) year with Generators, and Load curtailment contracts giving the ISO the right to reduce the Demands of those parties that win the contracts when there is insufficient Generation capacity to satisfy those Demands in addition to all other Demands. The curtailment contracts shall provide that the ISO's curtailment rights can only be exercised after all available Generation capacity has been fully utilized unless the exercise of such rights would allow the ISO to satisfy the Applicable Reliability Criteria at lower cost, and the curtailment rights shall not be exercised to stabilize or otherwise influence prices for power in the Energy markets.

Reserve in the hour, determined in accordance with Section 8.12.3A bears to the total deviation Replacement Reserve in that hour.

43 Reliability Capacity Services Tariff

This section 43 of the ISO Tariff shall be referred to as the Reliability Capacity Services Tariff ("RCST"). The RCST as well as changes made to other Sections to implement the Offer of Settlement filed on March 31, 2006 in Docket No. EL05-146 (changes to Sections 34.1.2.1.1; 34.1.2.1.2; 40.6A.6; 40.7.1; 40.7.6; 40.14; 40.14.1; 40.15; 40.15.1; 40.15.2; 40.15.3; 40.15.4; Appendix F Schedule 6; and Appendix P, Attachment A) shall expire at midnight on the earlier of the day before the MRTU Tariff goes into effect or the day preceding the effective date of any successor backstop capacity procurement mechanism to the RCST except that the provisions concerning compensation, cost allocation and settlement shall remain in effect until such time as RCST resources have been finally compensated for their services rendered under the RCST prior to the termination of the RCST, and the ISO has finally allocated and recovered the costs associated with such RCST compensation.

43.1 Designation

The ISO shall have the authority provided in this Section 43.1 to designate Eligible Capacity or System Resources to provide services under the RCST as set forth in this Section 43.

43.2 Local RCST Designations

The ISO may designate Eligible Capacity to provide services under the RCST to meet local reliability needs to the extent provided in this Section 43.2.

43.2.1

[NOT USED]

43.2.1.1 [NOT USED]

43.2.1.2 [NOT USED]

43.2.1.3 2008 Local RCST Designations for Deficiencies

Following the ISO's identification of any Local Resource Adequacy Requirement Deficiency, the ISO may designate Eligible Capacity to provide services under the RCST consistent with the criteria set forth in Section 43.2.2. The ISO may designate Eligible Capacity to provide service under this Section 43.2.1 to the extent necessary to satisfy any remaining Local Resource Adequacy Deficiency only after: (i) RMR Units have been designated in the local area reliability study process for 2008, and (ii) completion of the evaluation process set forth in Section 40.7 of Appendix CC. Designations

of Eligible Capacity to provide services under the RCST made pursuant to this section shall have a term that commences upon the day after the ISO provides notice to the Generator providing the Eligible Capacity, and expires at midnight on the earlier of the day before the MRTU Tariff goes into effect or the day preceding the effective date of any successor backstop capacity procurement mechanism to the RCST.

43.2.2 Selection of Eligible Capacity Designated for Local Reliability

The ISO will make designations of Eligible Capacity under Section 43.2 based on the lowest overall cost for each 2008 Local Capacity Area considering the following factors: the effectiveness of the Eligible Capacity, the quantity of Eligible Capacity of the resource relative to the remaining amount of capacity that is needed; and the Start-Up and Minimum Load Costs associated with the Eligible Capacity. The ISO shall have reasonable allowance to designate under the RCST an amount of Eligible Capacity from a Generating Unit that is slightly more or slightly less than a deficiency due to the quantity of Eligible Capacity from such Generating Unit that is available and suitable to meet the deficiency, consistent with the criteria in this section.

43.3 System RCST Designations

The ISO may designate Eligible Capacity for calendar year 2008 to the extent provided in this Section 43.3.

43.3.1 Annual System Reliability Capacity Services Designations

Following the ISO's review under Section 40.7 of Appendix CC of the annual 2008 Resource Adequacy Plans submitted pursuant to Section 40.2.1 of the ISO Tariff and Sections 40.2.1.1, 40.2.2.4, 40.2.3.4 or 40.2.4 of Appendix CC, and its review of any 2008 designation of Eligible Capacity pursuant to Section 43.2.1, the ISO may designate Eligible Capacity or System Resources to provide services under the RCST under this Section 43.3 to the extent necessary to cover the aggregate Year-Ahead System Resource Deficiency consistent with the criteria set forth in Section 43.3.3.

A designation of Eligible Capacity or System Resources to provide services under the RCST made pursuant to this Section 43.3.1 shall be for a minimum term of three months, provided that, at the discretion of the ISO, the designation term may be extended up to a maximum term of the five summer months of May through September, and provided further, that in no event shall the term of any RCST designation under this section extend beyond midnight on the earlier of the day before the MRTU Tariff goes into effect or the day preceding the effective date of any successor backstop capacity procurement mechanism to the RCST.

43.3.2 Monthly System Reliability Capacity Services Designations

Following its review under Section 40.7 of Appendix CC of the monthly Resource Adequacy Plans submitted by Scheduling Coordinators pursuant to Section 40.2.2, the ISO may designate Eligible Capacity or System Resources to provide services under the RCST under this Section 43.3 to the extent necessary to cover the aggregate Month-Ahead System Resource Deficiency consistent with the criteria set forth in Section 43.3.3.

Designations of Eligible Capacity or System Resources to provide services under the RCST made pursuant to this Section 43.3.2 shall be for the lesser of three months, the remainder of the calendar year or the period of time until the MRTU Tariff becomes effective or the period of time until a successor backstop capacity procurement mechanism to the RCST becomes effective.

43.3.3 Selection of Eligible Capacity Designated for System Reliability

The ISO will make designations of Eligible Capacity or System Resources under this Section 43.3 based on the following factors: the effectiveness of the Eligible Capacity in addressing local and/or zonal constraints in addition to meeting system needs; the quantity of Eligible Capacity of the resource; the Start-Up and Minimum Load Costs associated with the Eligible Capacity; and the effectiveness of the Eligible Capacity at reducing the Minimum Load Costs that might otherwise be incurred as a result of must-offer waiver denials. System Resources shall be subject to the ISO's established import limits as specified in accordance with Section 40.5.2.2. The ISO shall have reasonable allowance to designate under the RCST an amount of Eligible Capacity from a Generating Unit or System Resource that is slightly more or slightly less than a deficiency due to the quantity of Eligible Capacity from such Generating Unit or System Resource that is available and suitable to meet the deficiency, consistent with the criteria in this section.

43.4 RCST Designations For Significant Events

The ISO may designate Eligible Capacity or System Resources to provide service under this Section 43.4 following a Significant Event, and taking into account the expected duration of the Significant Event, if such an RCST designation is necessary to remedy any resulting material difference in ISO Controlled Grid operations for 2008 relative to the assumptions reflected in the 2008 Local Capacity Technical Analysis or, for 2006, relative to the assumptions reflected in the LARN Report for 2006. An RCST designation due to a Significant Event shall have a minimum term of three months and a maximum term up to the period of time which the ISO determines the Significant Event will remain in effect, provided that in no event shall the term of such RCST designation extend beyond midnight on the earlier of the day before the MRTU Tariff goes into effect or the day preceding the effective date of any successor backstop capacity procurement mechanism to the RCST. Any RCST designations under this section shall be in accordance with the criteria set forth in Section 43.3.3.

43.5 Obligations of a Resource Designated under the RCST

43.5.1 Must-Offer Obligations

Generating Units designated under the RCST shall be subject to all of the availability, must-offer, dispatch, testing, reporting, and verification obligations applicable to Resource Adequacy Resources identified in Resource Adequacy Plans under Section 40.6A of the ISO Tariff. Generating Units designated under the RCST must offer available capacity into the Ancillary Services markets to the extent capable.

43.5.2 Replacement Option

If a Generating Unit designated under the RCST is unavailable when issued a must-offer waiver denial by the ISO pursuant to Section 40.7.6 of the ISO Tariff, the Scheduling Coordinator for the resource may, within 2 hours for a must-offer waiver denial issued prior to the Hour-Ahead market and within 30 minutes for a must-offer waiver denial issued in Real-Time, substitute capacity from such Generating Unit with Eligible Capacity that: (i) is located at the same bus, or (ii) if not located at the same bus, is located in the same Local Capacity Area, and which meets the ISO's effectiveness and operational needs, including size of resource, as determined by the ISO in its reasonable discretion. If the Scheduling Coordinator substitutes such Eligible Capacity, the Scheduling Coordinator must pay all additional Minimum Load Costs, Start-Up Costs, Emissions Costs (above the corresponding costs of the Generating Unit that is being substituted), and any bilateral contract costs incurred by the Scheduling Coordinator, as a result of the substitution. The actual Availability of the substitute resource will be used for the purposes of the calculations in Appendix F, Schedule 6.

43.5.3 Termination of Obligations

If a Participating Generator's Eligible Capacity is designated by the CAISO under the terms of the RCST, and the Participating Generator has not filed a notice to withdraw from the Participating Generator Agreement ("PGA"), then the Participating Generator shall be obligated to perform in

accordance with the RCST for the term of the RCST designation. If a Participating Generator's Eligible Capacity is designated under the terms of the RCST after the Participating Generator has filed a notice to withdraw from its PGA, then the Participating Generator shall be obligated to perform in accordance with the RCST until the date that its PGA effectively terminates, but the Participating Generator shall be under no obligation to so perform after the effective date of the PGA termination. If a Participating Generator's Eligible Capacity is designated under the RCST after the Participating Generator has filed notice to withdraw from its PGA, and the Participating Generator agrees to provide service under the RCST, then the Participating Generator will enter into a PGA for the designated generating unit and invoice the ISO for any actual applicable restoration costs as provided in the RMR Service Agreement.

43.6 RCST Report

The ISO shall publish a monthly report on the ISO Website which shall show the resources designated under RCST, the megawatts of each RCST capacity designation, the duration of RCST designations, the reason for the RCST designation, and all payments, excluding costs covered in the Minimum Load Cost Report described in Section 43.11.2 herein, in dollars, itemized for system purposes as well as for each 2008 Local Capacity Area. The ISO will provide a market notice of the availability of this report.

43.7 Payments to Resources Designated Under the RCST

43.7.1 RCST Capacity Payment

Scheduling Coordinators representing resources designated under this Section 43 will receive a RCST Capacity Payment equal to the product of the Net Qualifying Capacity, the relevant Availability Factor as determined in accordance with Appendix F, Schedule 6, and the difference between the monthly RCST charge and 95% of the Peak Energy Rent, *i.e.*, $\text{Net Qualifying Capacity} \times \text{Availability Factor} \times (\text{Monthly RCST Charge} - \text{Monthly Peak Energy Rent} \times .95)$. The ISO shall determine the Availability Factor, Monthly RCST Charge and Monthly Peak Energy Rent in accordance with Appendix F, Schedule 6 of the Tariff. For purposes of this section 43.7.1, the term Net Qualifying Capacity shall mean the Megawatt

value for a RCST resource as reflected in the document entitled Qualifying Capacity Megawatt Values for RA Planning Purposes (or any successor document) as posted on the ISO website, provided that, to the extent a particular resource has a stated monthly value(s), the applicable Net Qualifying Capacity shall be the average of the stated values for the months in which the resource will have an RCST designation.

For purposes of the RCST, Availability shall be calculated as the ratio of: (1) the sum of the Net Qualifying Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the ISO shall be substituted for Net Qualifying Capacity MW for each hour the resource is not on an Authorized Outage, to (2) the product of Net Qualifying Capacity MW and the total hours in the month. For purposes of this section, an Authorized Outage shall be limited to the following: (a) an ISO-approved, planned outage that exists at the time of RCST designation and is scheduled to occur during the term of an RCST designation provided that (i) such outage is not the result of a prior outage that was forced or not otherwise scheduled and approved by the ISO, and (ii) such outage may be rescheduled by the ISO during the term of the RCST designation period, provided that the term of the ISO-approved outage and the capacity derate at time of the RCST designation are not exceeded, or (b) an ISO-approved maintenance outage that is scheduled during the RCST designation period, provided such outage is not the result of a prior outage that was forced or not otherwise scheduled and approved by the ISO.

43.7.2 Minimum Load, Emissions and Start-Up Costs

43.7.2.1 Minimum Load Costs

Scheduling Coordinators representing resources designated under this Section 43 shall be eligible for recovery of Minimum Load Costs in the same manner that Scheduling Coordinators representing Resource Adequacy Resources included in Resource Adequacy Plans are eligible for the recovery of such costs under Sections 40.6B of the Tariff.

43.7.2.1.1 Allocation of Unrecovered Minimum Load Costs

Unrecovered Minimum Load Costs under Section 43.7.2.1 shall be allocated in accordance with Section 40.6B.5 of the ISO Tariff.

43.7.2.2 Emissions Costs

Scheduling Coordinators representing resources designated under this Section 43 shall be eligible for recovery of Emissions Costs in the same manner that Scheduling Coordinators representing Resource Adequacy Resources included in Resource Adequacy Plans are eligible for the recovery of such costs under Sections 40.11 of the ISO Tariff.

43.7.2.2.1 Recovery of Emissions Costs

The ISO will recover funds to pay Emissions Costs under Section 43.7.2.2 in accordance with Sections 40.11 of the ISO Tariff.

43.7.2.3 Start-Up Costs

Scheduling Coordinators representing resources designated under this Section 43 shall be eligible for recovery of Start-Up Costs in the same manner that Scheduling Coordinators representing Resource Adequacy Resources included in Resource Adequacy Plans are eligible for the recovery of such costs under Sections 40.12 of the ISO Tariff.

43.7.2.3.1 Recovery of Start-Up Costs

The ISO will recover funds to pay Start-Up Costs under Section 43.7.2.3 in accordance with Sections 40.12 of the ISO Tariff.

43.8 Allocation of RCST Capacity Payment Costs

For each month, the ISO shall allocate the costs of RCST Capacity Payments made pursuant to Section 43.7.1 as follows:

- (1) Annual System RCST Designations: If the ISO makes RCST designations under Section 43.3.1, then the ISO will allocate the total costs of RCST Capacity Payments for such RCST designations (for the full term of those RCST designations) pro rata to each SC-RA Entity based on its portion of the aggregate Year-Ahead System Deficiency.
- (2) Monthly System RCST Designations: If the ISO makes RCST designations under Section 43.3.2, then the ISO will allocate the total costs of RCST Capacity Payments for such

RCST designations (for the full term of those RCST designations) pro rata to each SC-RA Entity based on its portion of the aggregate Month-Ahead System Deficiency.

- (3) Local RCST Designations for 2008. If the ISO makes local RCST designations for 2008, then the ISO will allocate the total costs of RCST Capacity Payments for such RCST designations (for the full term of those RCST designations) pro rata to each Scheduling Coordinator for an RA Entity based on the ratio of its Local Resource Adequacy Requirement Deficiency to the sum of the Local Resource Adequacy Requirement Deficiencies within a TAC Area. To the extent there is a Local Resource Adequacy Requirement Deficiency in two or more 2008 Local Capacity Areas that can be satisfied by designating a single unit under the RCST, the ISO shall allocate the total costs of RCST Capacity Payments for such RCST designation (for the full term of the designation) pro rata to each Scheduling Coordinator for an RA Entity that has a Local Resource Adequacy Requirement Deficiency in such 2008 Local Capacity Areas based on the ratio of its Local Resource Adequacy Requirement Deficiency to the aggregate Local Resource Adequacy Requirement Deficiency in those 2008 Local Capacity Areas.
- (4) Significant Event RCST Designations for 2006: If the ISO makes any Significant Event RCST designations under Section 43.4 during 2006, the ISO will allocate the costs of such designations to all SC-RA Entities in the TAC Area(s) in which the Significant Event caused or threatened to cause a failure to meet Applicable Reliability Criteria based on Scheduling Coordinators' RA Entity Load Share Percentage(s) in such TAC Area(s).
- (5) Significant Event Designations for 2008. If the ISO makes any Significant Event RCST designations under Section 43.4 during 2008, the ISO will allocate the costs of such designations to all SC-RA Entities in the TAC Area(s) in which the Significant Event caused or threatened to cause a failure to meet Reliability Criteria based on Scheduling Coordinators' 2008 RA Entity Load Share Percentage(s) in such TAC Area(s).

**ISO TARIFF APPENDIX F
Schedule 6**

RCST SCHEDULES

Monthly RCST Charge

The Monthly RCST Charge shall be calculated by multiplying the monthly shaping factors by the target annual capacity price (\$73/kW-yr).

Monthly Shaping Factors

	<u>SP-15</u>	<u>NP-15/ZP-26</u>
Jan	6.7%	4.9%
Feb	5%	4.9%
Mar	5%	5.6%
Apr	5.8%	4.6%
May	6.3%	4.8%
Jun	8.3%	5.1%
Jul	15.8%	13.7%
Aug	17.5%	15.3%
Sept	11.7%	13.8%
Oct	5.8%	8.7%
Nov	6.3%	8.8%
Dec	5.8%	9.8%
Total	100%	100%

Availability

The target Availability for a resource designated under RCST is 95%. Incentives and penalties for availability above and below the target are as set forth in the table below, entitled "Availability Factor Table." The ISO will calculate availability on a monthly basis using actual availability data. The "Availability Factor" for each month shall be calculated using the following curve:

AVAILABILITY FACTOR TABLE

Availability (excluding only Scheduled Maintenance)	Capacity Payment Factor	Availability Factor
100%	3.3%	1.139
99%	3.3%	1.106
98%	3.3%	1.073
97%	2.5%	1.040
96%	1.5%	1.015
95%	-	1.000
94%	-1.5%	.985
93%	-1.5%	.970
92%	-1.5%	.955
91%	-1.5%	.940
90%	-1.5%	.925
89-80%	-1.7%*	.908-.755
79-41%	-1.9%*	.736-.014
-40%	-	0.0

*The "Capacity Payment Factor" decreases by 1.7% and 1.9% respectively for every 1% decrease in availability.

The capacity payment will be adjusted upward from the 95% Availability starting point by the positive percentages listed as the Capacity Payment Factor above, by the amounts listed for each availability factor above 95%, so that, for example, if a 97% Availability is achieved for the month (as described below), then the capacity payment for that month would be the monthly value for 95% plus an additional 4% (1.5% for the first percent Availability above 95%, and 2.5% for the second percent Availability above 95%). Reductions in capacity payment will be made correspondingly according to the Capacity Payment Factor above for monthly availability levels falling short of the 95% availability starting point.

Calculation of the Monthly PER

The ISO shall calculate the Monthly Peak Energy Rent ("Monthly PER") as follows: immediately following the end of the month the ISO will determine all those hours during which the Reference Resource would

have been dispatched (based on Reference Resource characteristics) to provide either energy or non-spinning reserves and will calculate, on a per kW-Month basis, the total dollar amount of rent (earnings in excess of proxy unit variable costs calculated using Reference Resource unit characteristics) that would have been earned by the Reference Resource. The Reference Resource will be assumed to have been dispatched for energy in any hour in which the hourly energy price described below is greater than the Reference Resource variable cost; the ISO shall use its day ahead Non-spinning Reserve price to calculate the rent for all hours in which the Reference Resource is not assumed dispatched to provide energy (i.e., any hour where the hourly price is less than the Reference Resource variable costs).

Hourly price profiles will be determined using the shaping factors for SP-15 and NP15/ZP-26 that appear below. Hourly energy prices shall be the weighted average of: (1) the applicable zonal on/off peak day-ahead index prices set forth in Platts Megawatt Daily, shaped to hourly profiles using the factors set forth below, and (2) the applicable zonal ISO hourly average real-time energy prices. For 2006, the index/ex post weighting will be 50/50, respectively. For 2007, the index/ex post weighting will be 75/25, respectively.

The assumed heat rate of the Reference Resource will be 10,500 BTU/kWh. Variable operations and maintenance costs shall be based on the Energy Information Administration AEO Electricity Market Module Assumptions, which are currently \$3.36/MWh. An emissions allowance of \$0.71/MWh shall be used to estimate variable costs. Gas prices for the Reference Resource will be based on a daily gas price based on Equation C1-8 (Gas) of the Schedules to the Reliability Must Run Contract for the relevant Service Area (San Diego Gas & Electric Company, Southern California Gas Company or Pacific Gas and Electric Company) or, if the resource is served from one of those three Service Areas then from the nearest of those Service Areas.

NP-15

	Mon-Fri JAN-MAY	Mon-Fri JUN-SEPT	Mon-Fri OCT-DEC	Sat JAN-MAY	Sat JUN-SEPT	Sat OCT-DEC	Sun JAN-MAY	Sun JUN-SEPT	Sun OCT-DEC
N1	1.05454758	1.00584021	0.99435526	1.43649	1.120844	1.073148	0.755403	0.759704	0.783346
N2	0.85716711	0.86062114	0.91898795	1.032749	1.092377	0.978957	0.600188	0.683139	0.701588
N3	0.75399836	0.79068297	0.92144851	0.758585	0.91744	0.921009	0.458319	0.636187	0.68291
N4	0.71058351	0.79900018	0.89479611	0.680278	0.892744	0.911836	0.444573	0.616409	0.662295
N5	0.78267681	0.8161591	0.94516384	0.630256	0.909543	0.926083	0.362844	0.5641	0.662342
N6	1.02256586	0.86829359	1.10962719	0.623168	0.709153	0.947344	0.293086	0.335463	0.707489
N7	0.75351629	0.46629678	0.84979936	0.459933	0.363102	0.835985	0.324748	0.244038	0.795325
N8	0.88610975	0.66277777	0.86218587	0.741872	0.587123	0.805198	0.576432	0.514076	0.804009
N9	0.93647065	0.72748598	0.87228518	0.967023	0.960062	0.891018	0.923411	0.756354	0.873764
N10	0.98013307	0.83355915	0.99306313	1.050452	0.998448	0.917894	1.087891	0.848836	0.970588
N11	1.05081328	0.91348904	0.97923559	1.079888	0.984474	1.02248	1.303241	0.94756	1.027355
N12	1.068781	0.96178966	0.98802244	1.086984	1.03194	0.961419	1.304385	1.158765	1.097895
N13	1.06644102	1.07695356	0.99576872	1.083005	1.00669	0.992817	1.283414	1.168292	1.059999
N14	1.09775977	1.22226563	1.06440722	1.072448	1.0038	1.04347	1.281892	1.283789	1.110655
N15	1.09364901	1.38229366	1.11766171	1.053707	1.124805	1.05608	1.263359	1.309879	1.150637
N16	1.0841716	1.44680734	1.14665908	1.048562	1.135933	1.056274	1.316946	1.317595	1.140864
N17	1.02358917	1.3710053	1.1033917	1.049893	1.362503	1.087482	1.311524	1.567664	1.232842
N18	0.9788975	1.21057642	0.95748393	1.049616	1.327635	1.081109	1.30229	1.71578	1.406331
N19	0.94570613	1.03868542	1.10717179	1.036387	1.126072	1.09328	1.321985	1.367096	1.419466
N20	0.96174495	0.91022871	1.13578926	1.048527	0.943973	1.193558	1.393578	1.139089	1.494944
N21	1.11577915	0.94038191	1.03355639	1.133815	1.001619	1.076201	1.778309	1.551657	1.39373
N22	0.95643767	0.8354037	0.79351865	1.037886	1.04182	0.885733	1.392837	1.473652	1.062792
N23	1.56132501	1.66415743	1.17445625	1.670367	1.287221	1.205472	1.150247	1.253671	0.972486
N24	1.25713576	1.19524538	1.04116487	1.168106	1.070678	1.036151	0.769097	0.787205	0.786348

SP-15

Weekday January through June

Hour	January	February	March	April	May	June
1	0.9	0.97	1.018	0.973	0.951	0.945
2	0.858	0.908	0.896	0.902	0.839	0.826
3	0.839	0.885	0.828	0.849	0.756	0.745
4	0.836	0.876	0.821	0.824	0.717	0.727
5	0.887	0.977	0.948	0.878	0.879	0.794
6	1.155	1.11	1.068	1.008	1.086	0.908
7	0.898	0.933	0.79	0.779	0.6	0.474
8	1.007		0.892	0.92	0.778	0.613
9	1.017	1.004	0.941	0.94	0.875	0.711
10	1.011	1.019	0.983	0.991	0.976	0.806
11	0.976	0.994	1.027	1.024	1.035	1.04
12	0.98	0.99	1.038	1.038	1.074	1.087
13	0.972	0.994	1.055	1.075	1.126	1.127
14	0.983	0.984	1.06	1.098	1.193	1.201
15	0.955	0.963	1.039	1.072	1.175	1.247
16	0.896	0.932	0.994	1.031	1.147	1.26
17	0.899	0.905	0.956	0.985	1.089	1.216
18	1.171	1.044	0.983	0.914	0.997	1.12
19	1.158	1.136	1.167	0.944	0.882	1.012
20	1.075	1.067	1.082	1.06	0.965	0.965
21	1.059	1.06	1.048	1.14	1.153	1.119
22	0.941	0.975	0.946	1.009	0.935	0.999
23	1.371	1.213	1.305	1.383	1.536	1.733
24	1.153	1.062	1.117	1.183	1.235	1.322

Saturday January through June

Hour	January	February	March	April	May	June
1	0.999	1.073	1.104	0.982	1.071	1.064
2	0.905	0.971	0.922	0.917	0.957	0.882
3	0.899	0.962	0.889	0.883	0.839	0.828
4	0.875	0.93	0.868	0.855	0.814	0.803
5	0.91	0.917	0.88	0.904	0.826	0.788
6	0.972	0.993	0.88	0.969	0.836	0.818
7	0.795	0.854	0.777	0.761	0.603	0.411
8	0.874	0.906	0.844	0.848	0.728	0.522
9	0.992	1.015	0.932	0.929	0.885	0.645
10	1.028	1.037	0.997	0.999	0.984	0.806
11	1.005	1.048	1.027	1.042	1.047	1.055
12	1.005	1.033	1.027	1.053	1.069	1.089
13	0.978	1.009	1.032	1.054	1.096	1.122
14	0.939	0.967	0.983	1.042	1.093	1.165
15	0.882	0.939	0.963	1.022	1.086	1.203
16	0.871	0.892	0.949	0.973	1.071	1.255
17	0.945	0.899	0.934	0.962	1.063	1.254
18	1.196	1.03	1.016	0.912	1.011	1.17
19	1.195	1.155	1.199	1.047	0.934	1.075
20	1.141	1.076	1.165	1.113	1.058	0.984
21	1.114	1.104	1.133	1.165	1.237	1.143
22	1.04	1.096	1.022	1.076	1.035	1.102
23	1.323	1.117	1.331	1.327	1.478	1.622
24	1.117	1.038	1.126	1.164	1.18	1.194

Sunday January through June

Hour	January	February	March	April	May	June
1	0.897	0.85	0.787	0.869	0.794	0.854
2	0.806	0.792	0.762	0.771	0.7	0.7
3	0.745	0.802	0.716	0.732	0.628	0.622
4	0.706	0.802	0.695	0.722	0.594	0.519
5	0.707	0.794	0.707	0.696	0.623	0.469
6	0.782	0.793	0.72	0.671	0.585	0.445
7	0.818	0.873	0.691	0.711	0.471	0.372
8	0.882	0.912	0.819	0.826	0.635	0.522
9	0.975	1.007	0.945	0.926	0.757	0.631
10	1.035	1.073	1.029	1.002	0.87	0.75
11	1.03	1.065	1.069	1.069	1.059	1.019
12	1.049	1.063	1.112	1.101	1.126	1.141
13	1.043	1.065	1.147	1.118	1.176	1.268
14	1.029	1.061	1.141	1.127	1.239	1.341
15	1.003	1.033	1.11	1.097	1.279	1.44
16	0.98	1.004	1.115	1.11	1.265	1.482
17	1.009	1.006	1.091	1.052	1.336	1.528
18	1.324	1.161	1.179	1.033	1.363	1.403
19	1.37	1.305	1.421	1.191	1.231	1.321
20	1.338	1.248	1.366	1.35	1.327	1.242
21	1.286	1.213	1.288	1.469	1.471	1.381
22	1.166	1.144	1.191	1.318	1.263	1.291
23	1.079	1.066	1.082	1.127	1.239	1.339
24	0.912	0.869	0.816	0.922	0.938	0.92

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
 FERC ELECTRIC TARIFF
 THIRD REPLACEMENT VOLUME NO. II

First Revised Sheet No. 755F
 Superseding Original Sheet No. 755F

Weekday July through December

Hour	July	August	Septemb er	October	November		December	
					r	r	r	r
1	1.002	0.994	1.083	1.04	0.966	1.001		
2	0.89	0.903	0.92	0.879	0.834	0.883		
3	0.81	0.835	0.782	0.751	0.706	0.814		
4	0.767	0.813	0.749	0.69	0.723	0.805		
5	0.796	0.841	0.822	0.829	0.879	0.903		
6	0.914	0.982	1.049	1.08	1.266	1.088		
7	0.493	0.547	0.634	0.763	0.899	0.895		
8	0.632	0.637	0.751	0.858	0.98	1.012		
9	0.728	0.743	0.786	0.837	0.977	1.012		
10	0.837	0.822	0.859	0.9	0.957	1.005		
11	0.983	0.999	0.966	0.96	0.959	0.983		
12	1.051	1.056	1.013	0.975	0.943	0.93		
13	1.097	1.106	1.078	1.013	0.933	0.906		
14	1.183	1.179	1.15	1.076	0.946	0.894		
15	1.257	1.24	1.213	1.147	0.93	0.87		
16	1.284	1.264	1.236	1.152	0.93	0.863		
17	1.255	1.235	1.197	1.129	0.999	0.967		
18	1.183	1.149	1.11	1.019	1.221	1.194		
19	1.065	1.05	1.052	1.073	1.207	1.213		
20	0.982	1.05	1.051	1.122	1.137	1.174		
21	1.034	1.028	1.031	1.048	1.046	1.085		
22	0.935	0.895	0.876	0.927	0.936	0.998		
23	1.623	1.493	1.371	1.497	1.427	1.316		
24	1.197	1.14	1.223	1.235	1.2	1.191		

Saturday July through December

Hour	July	August	Septemb er	October	November		December	
					r	r	r	r
1	1.065	1.107	1.206	1.202	1.145	1.108		
2	0.952	0.984	1.046	1.038	0.952	0.982		
3	0.88	0.939	0.913	0.871	0.784	0.86		
4	0.85	0.847	0.844	0.766	0.753	0.843		
5	0.871	0.832	0.863	0.778	0.821	0.875		
6	0.841	0.862	0.848	0.885	1.014	0.909		
7	0.451	0.494	0.542	0.609	0.745	0.76		
8	0.539	0.56	0.622	0.63	0.893	0.845		
9	0.682	0.679	0.733	0.663	0.961	0.997		
10	0.778	0.788	0.814	0.943	0.977	1.015		
11	0.956	0.919	0.971	1.017	1.027	1.022		
12	1.019	1.029	1.045	1.039	1.002	1		
13	1.087	1.103	1.125	1.068	0.924	0.984		
14	1.16	1.183	1.149	1.108	0.91	0.921		
15	1.236	1.252	1.194	1.105	0.889	0.818		
16	1.284	1.298	1.216	1.124	0.89	0.775		
17	1.301	1.252	1.205	1.073	1.003	1.006		
18	1.251	1.215	1.17	1.103	1.237	1.212		
19	1.132	1.097	1.086	1.157	1.228	1.211		
20	1.029	1.111	1.097	1.208	1.172	1.173		
21	1.076	1.077	1.074	1.176	1.1	1.139		
22	1.02	0.943	0.957	0.976	1.041	1.124		
23	1.395	1.358	1.185	1.389	1.41	1.291		
24	1.147	1.07	1.09	1.071	1.12	1.133		

Sunday July through December

Hour	July	August	Septemb er	October	November		December	
					r	r	r	r
1	0.834	0.81	0.884	0.868	0.916	0.889		
2	0.739	0.729	0.688	0.685	0.788	0.809		
3	0.679	0.672	0.527	0.562	0.613	0.698		
4	0.655	0.653	0.485	0.574	0.576	0.634		
5	0.61	0.657	0.463	0.558	0.586	0.68		
6	0.496	0.647	0.512	0.613	0.62	0.747		
7	0.445	0.549	0.527	0.573	0.666	0.777		
8	0.587	0.618	0.619	0.697	0.776	0.848		
9	0.719	0.704	0.713	0.708	0.997	0.985		
10	0.877	0.854	0.901	0.829	1.103	1.052		
11	1.005	0.991	1.035	1.102	1.143	1.067		
12	1.106	1.154	1.178	1.163	1.151	1.052		
13	1.167	1.151	1.318	1.154	1.125	1.029		
14	1.254	1.25	1.353	1.24	1.138	0.993		
15	1.339	1.358	1.347	1.252	1.085	0.929		
16	1.432	1.43	1.354	1.272	1.063	0.92		
17	1.447	1.467	1.375	1.235	1.279	1.146		
18	1.383	1.396	1.372	1.407	1.346	1.351		
19	1.301	1.278	1.314	1.481	1.395	1.387		
20	1.194	1.243	1.336	1.517	1.296	1.317		
21	1.336	1.322	1.359	1.477	1.217	1.279		
22	1.217	1.171	1.24	1.18	1.097	1.241		
23	1.221	1.063	1.171	1.115	1.096	1.188		
24	0.956	0.843	0.923	0.735	0.927	0.983		

2.4.4 The ISO shall monitor ISO Markets for other categories of conduct, whether by a single firm or by multiple firms acting in concert, that have material effects on prices in an ISO Market or other payments. The ISO shall: (i) seek to amend the foregoing list as may be appropriate to include any such conduct that would substantially distort or impair the competitiveness of any of the ISO Markets; and (ii) seek such other authorization to mitigate the effects of such conduct from the FERC as may be appropriate.

3 CRITERIA FOR IMPOSING MITIGATION MEASURES

3.1 Identification of Conduct Inconsistent with Competition

Conduct that may potentially warrant the imposition of a mitigation measure includes the categories described in Section 2.4 above. The thresholds listed in Section 3.1.1 below shall be used to identify substantial departures from competitive conduct indicative of an absence of workable competition.

3.1.1 Conduct Thresholds for Identifying Economic Withholding

The following thresholds shall be employed by the ISO to identify economic withholding that may warrant the mitigation of the bid from a resource and shall be determined with respect to a reference level determined as specified in Section 3.1.1.1:

For Energy Bids to be Dispatched as Imbalance Energy through the RTD Software: the lower of a 200 percent increase or \$100/MWh increase in the bid with respect to its Reference Level.

3.1.1.1 Reference Levels

(a) For purposes of establishing reference levels, bid segments shall be defined as follows:

1. the capacity of each generation resource shall be divided into 10 equal Energy bid segments between its minimum (Pmin) and maximum (Pmax) operating point.

A reference level for each bid segment shall be calculated each day for peak and off-peak periods on the basis of the following methods, listed in the following order of preference subject to the existence of sufficient data, where sufficient data means at least one data point per time period (peak or off-peak) for the bid segment. Peak periods shall be the periods Monday through Saturday from Hour Ending 0700 through Hour Ending 2200, excluding holidays. Off-Peak periods are all other hours.

1. Excluding non-positive proxy and mitigated bids, the accepted bid, or the lower of the mean or the median of a resource's accepted bids if such a resource has more than one accepted bid in competitive periods over the previous 90 days for peak and off-peak periods, adjusted for daily changes in fuel prices using gas price determined by Equation C1-8 (Gas) of the Schedules to the Reliability Must-Run Contract for the relevant Service Area (San Diego Gas & Electric Company, Southern California Edison Company, or Pacific Gas and Electric Company), or, if the resource is not served from one of those three Service Areas, from the nearest of those three Service Areas. Accepted and justified bids above the applicable soft cap, as set forth in Section 39.2 of this Tariff, will be included in the calculation of reference prices.

2. If the resource is a gas-fired unit that does not have significant energy limitations, the unit's default Energy Bid determined monthly as set forth in Section 5.11.5 (based on the incremental heat rate submitted to the ISO, adjusted for gas prices, and the variable O&M cost on file with the ISO, or the default O&M cost of \$6/MWh).

ISO TARIFF APPENDIX A
Master Definitions Supplement

NOTE TO STAKEHOLDERS: Below are existing defined terms that will either be revised or deleted with the TCPM Tariff filing.

* * *

Eligible Capacity

Capacity of Generating Units of Participating Generators located within the ISO Control Area except the following: capacity associated with hydroelectric generation, nuclear generation, QFs, generation resources within a Metered Subsystem, resources owned by the California Department of Water Resources, State Water Project; capacity of a Generating Unit with a Reliability Must-Run contract, during the term of such contract; capacity of a Resource Adequacy Resource that is identified in any Resource Adequacy Plan in accordance with Section 40, during the time that such capacity is identified on the Resource Adequacy Plan; and capacity that has been designated to provide service under the RCST, during the term of the designation.

* * *

Monthly RCST Charge

The monthly charge determined in accordance with Appendix F, Schedule 6.

* * *

RCST

The Reliability Capacity Services Tariff, as set forth in Section 43 of this ISO Tariff.

RCST Capacity Payment

The payment provided pursuant to Section 43.7.1 of the ISO Tariff.

* * *

Significant Event

For 2006, a "Significant Event" is an event that results in a material difference in ISO Controlled Grid operations relative to what was assumed in developing the LARN Report for 2006 that causes, or threatens to cause, a failure to meet Applicable Reliability Criteria. For 2008, a "Significant Event" is an event that results in a material difference in ISO Controlled Grid operations relative to the 2008 Local Capacity Technical Study that causes, or threatens to cause, a failure to meet Applicable Reliability Criteria.

* * *

2007 Local Reliability Area

An area for which the CPUC or applicable Local Regulatory Authority has established a Local Resource Adequacy Requirement for 2007 for RA Entities subject to their jurisdiction.

2007 RA Entity Load Share Percentage

An RA Entity's proportionate share of load in a TAC Area for purposes of 2007 Significant Event RCST designations. The 2007 RA Entity Load Share Percentage shall be calculated for each RA Entity by dividing the RA Entity's actual coincident peak Load in each TAC Area for 2006 by the total coincident peak Load of all RA Entities in the TAC Area in 2006.

NOTE TO STAKEHOLDERS: Below are existing defined terms that were either revised or deleted in the RCST Extension filing made on March 5, 2008.

Local Resource Adequacy Demonstration

~~The demonstration made to the ISO pursuant to Section 43.2 by the Scheduling Coordinator for an RA Entity of the resources that the RA Entity will make available to the ISO to satisfy any applicable Local Resource Adequacy Requirement.~~

Local Resource Adequacy Requirement Deficiency

~~The difference in MWs, as determined under Section 40.7 of Appendix CC following the opportunity to resolve deficiencies that is provided under Section 40.7 of Appendix CC, between (1) the allocated responsibility for Local Capacity Area Resources under Section 40.3.2 of Appendix CC of a Scheduling Coordinator for an RA Entity and (2) the Net Qualifying Capacity of the Local Capacity Area Resources identified in the annual Resource Adequacy Plan submitted by that Scheduling Coordinator pursuant to Sections 40.2.1.1, 40.2.2.4, 40.2.3.4, or 40.2.4 of Appendix CC.~~

Local Resource Adequacy Requirement

~~The Resource Adequacy Requirement established by the CPUC or a Local Regulatory Authority in a 2007 Local Reliability Area (or for 2007 Local Reliability Areas in the aggregate) for each RA Entity subject to their jurisdiction.~~

* * *

Month-Ahead System Resource Deficiency

~~The monthly deficiency in meeting the Month-Ahead System Resource Adequacy Requirements as determined under Section 40.7 of Appendix CC following the opportunity to resolve deficiencies that is provided under Section 40.7 of Appendix CC.~~

**Year-Ahead System
Resource Deficiency**

* * *

The monthly deficiency in meeting Year-Ahead System Resource Adequacy Requirements as determined under Section 40.7 of Appendix CC following the opportunity to resolve deficiencies that is provided under Section 40.7 of Appendix CC.

* * *

The last two pages below are contained in Appendix CC

40.6.4.2 Use Plan.

The Scheduling Coordinator shall provide for the 2008 Resource Adequacy Compliance Year a proposed annual use plan for each Use-Limited Resource that is a Resource Adequacy Resource. The proposed annual use plan will delineate on a month-by-month basis the total MWhs of Generation, total run hours, expected daily supply capability (if greater than four hours) and the daily Energy limit, operating constraints, and the timeframe for each constraint. The CAISO will have an opportunity to discuss the proposed annual use plan with the Scheduling Coordinator and suggest potential revisions to meet reliability needs of the system. The Scheduling Coordinator shall then submit its final annual use plan. Scheduling Coordinators for Use-Limited Resources must submit the proposed and final annual use plans in accordance with the schedule set forth in the Business Practice Manual. The Scheduling Coordinator will be able to update the projections made in the annual use plan in the monthly Resource Adequacy Plans. Hydroelectric Generating Units and Pumping Load will be able to update use plans intra-monthly as necessary to reflect evolving hydrological and meteorological conditions. The annual use plan must reflect the potential operation of the Use-Limited Resource at a level no less than the minimum criteria set forth by the Local Regulatory Authority for qualification of the resource.

40.7 Compliance.

The CAISO will evaluate whether each annual and monthly Resource Adequacy Plan submitted by a Scheduling Coordinator on behalf of a Load Serving Entity under this appendix (including for 2008 each monthly Resource Adequacy Plan submitted pursuant to Sections 40.2.2 of the CAISO Tariff) demonstrates Resource Adequacy Capacity sufficient to satisfy the Load Serving Entity's (i) allocated responsibility for Local Capacity Area Resources under Section 40.3.2 of this appendix and (ii) applicable Demand and Reserve Margin requirements. In the case of an annual Reserve Margin requirement for 2008, the CAISO will also evaluate the annual Resource Adequacy Plan submitted under Section 40.2.1. If the CAISO determines that a Resource Adequacy Plan does not demonstrate Local Capacity Area Resources sufficient to meet its allocated responsibility under Section 40.3.2 of this appendix, compliance with applicable Demand and Reserve Margin requirements, or compliance with any other resource adequacy requirement in this appendix or adopted by the CPUC, Local Regulatory

Local Capacity Area	Transmission constrained area as defined in the study referenced in Section 40.3.1 of Appendix CC.
Local Capacity Area Resources	Resource Adequacy Capacity from a Generating Unit listed in the technical study or Participating Load that is located within a Local Capacity Area capable of contributing toward the amount of capacity required in a particular Local Capacity Area.
Local Capacity Technical Study	The study performed by the CAISO pursuant to Section 40.3.
Modified Reserve Sharing LSE	A Load Serving Entity whose Scheduling Coordinator has informed the CAISO in accordance with Section 40.1 of its election to be a Modified Reserve Sharing LSE.
Non-CPUC Load Serving Entity	Any entity serving retail Demand in the CAISO Control Area not within the jurisdiction of the CPUC, including (i) a local publicly owned electric utility under section 9604 of the California Public Utilities Code and (ii) any federal entities, including but not limited to federal power marketing authorities, that serve retail Load.
Non-Dynamic Resource-Specific System Resource	A Non-Dynamic System Resource that is a specific generation resource outside the CAISO Control Area.
Pumped-Storage Hydro Unit	A hydroelectric dam with the capability to produce electricity and the ability to pump water between reservoirs at different elevations to store such water for the production of electricity.
Pumping Load	A hydro pumping resource that is capable of responding to Dispatch Instructions by ceasing to pump.
Reserve Margin	The amount of Resource Adequacy Capacity that a Scheduling Coordinator is required to maintain in accordance with Section 40.
Reserve Sharing LSE	A Load Serving Entity whose Scheduling Coordinator has informed the CAISO in accordance with Section 40.1 of its election to be a Reserve Sharing LSE.
Resource Adequacy Compliance Year	A calendar year from January 1 through December 31.
Resource-Specific System Resource	A Dynamic or Non-Dynamic Resource-Specific System Resource.
Use-Limited Resource	A resource that, due to design considerations, environmental restrictions on operations, cyclical requirements, such as the need to recharge or refill, or other non-economic reasons, is unable to operate continuously on a daily basis, but is able to operate for a minimum set of consecutive Trading Hours each Trading Day.