

Appendix H

CONGESTION REVENUE RIGHTS TRANSITION PERIOD

Notwithstanding any other provisions of the CAISO Tariff, the following provisions apply to the CAISO's treatment of CRRs that settle based on congestion that occurs in the Day-Ahead Market in 2018. In all other respects, provisions of the CAISO Tariff not covered by this Appendix H will apply to the CAISO's treatment of CRRs that settle based on congestion that occurs in the Day-Ahead Market in 2018.

9.3.6 Maintenance Outage Planning

Each Operator or Scheduling Coordinator shall, by not later than October 15 each year, provide the CAISO with a proposed schedule of all Maintenance Outages it wishes to undertake in the following year. The proposed schedule shall include all of the Operator's transmission facilities that comprise the CAISO Controlled Grid and Generating Units subject to a Participating Generator Agreement, Net Scheduled PGA, or Pseudo-Tie Participating Generator Agreement (including its Reliability Must-Run Units). In the case of a Participating TO's transmission facilities, that proposed schedule shall be developed in consultation with the UDCs interconnected with that Participating TO's system and shall take account of each UDC's planned maintenance requirements. The nature of the information to be provided and the detailed Maintenance Outage planning procedure shall be established by the CAISO. This information shall include:

The following information is required for each Generating Unit of a Participating Generator:

- (a) the Generating Unit name and Location Code;
- (b) the MW capacity unavailable;
- (c) the scheduled start and finish date for each Outage; and
- (d) where there is a possibility of flexibility, the earliest start date and the latest finish date, along with the actual duration of the Outage once it commences.

The following information is required for each transmission facility:

- (a) the identification of the facility and location;
- (b) the nature of the proposed Maintenance Outage;

California Independent System Operator Corporation
Fifth Replacement Tariff

- (c) the preferred start and finish date for each Maintenance Outage; and
- (d) where there is a possibility of flexibility, the earliest start date and the latest finish date, along with the actual duration of the Outage once it commences.

Either the CAISO, pursuant to Section 9.3.7, or an Operator or Scheduling Coordinator, subject to Section 9.3.6.11, may at any time request a change to an Approved Maintenance Outage. An Operator or Scheduling Coordinator may, as provided in Section 9.3.6.3, schedule with the CAISO a Maintenance Outage on its system, subject to the conditions of Sections 9.3.6.4.1, 9.3.6.8, and 9.3.6.9.

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36.4 FNM for CRR Allocation and CRR Auction

When the CAISO conducts its CRR Allocation and CRR Auction, the CAISO shall use the most up-to-date DC FNM, which is based on the AC FNM used in the Day-Ahead Market.

The Seasonal Available CRR Capacity shall be based on the DC FNM, taking into consideration the following, all of which are discussed in the applicable Business Practice Manual: (i) any long-term scheduled transmission Outages; (ii) TTC adjusted for any long-term scheduled derates; (iii) a downward adjustment due to TOR or ETC as determined by the CAISO; and (iv) the impact on transmission elements used in the annual CRR Allocation and Auction of

- (a) transmission Outages or derates that are not scheduled at the time the CAISO conducts the Seasonal CRR Allocation or Auction determined through a methodology that calculates the breakeven point for revenue adequacy based on historical Outages and derates, and
- (b) known system topology changes, both as further defined in the Business Practice Manuals.

The Monthly Available CRR Capacity shall be based on the DC FNM, taking into consideration: (i) any scheduled transmission Outages known at least thirty (30) days in advance of the start of that month as submitted for approval consistent with the criteria specified in Section 36.4.3; (ii) adjustments to compensate for the expected impact of Outages that are not required to be scheduled thirty (30) days in

California Independent System Operator Corporation
Fifth Replacement Tariff

advance, including unplanned transmission Outages; (iii) adjustments to restore Outages or derates that were applied for use in calculating Seasonal Available CRR Capacity but are not applicable for the current month; (iv) any new transmission facilities added to the CAISO Controlled Grid that were not part of the DC FNM used to determine the prior Seasonal Available CRR Capacity and that have already been placed in-service and energized at the time the CAISO starts the applicable monthly process; (v) TTC adjusted for any scheduled derates or Outages for that month; (vi) a downward adjustment due to TOR or ETC as determined by the CAISO; and (vii) adjustments for possible unscheduled flow at the Interties. For the first monthly CRR Allocation and CRR Auction for CRR Year One, to account for any planned or unplanned Outages that may occur for the first month of CRR Year One, the CAISO will derate all flow limits, including Transmission Interface limits and normal thermal limits, based on statistical factors determined as provided in the Business Practice Manuals.

36.4.1 Transmission Capacity for CRR Allocation and CRR Auction

With the exception of the Tier LT, the CAISO makes available seventy-five percent (75%) of Seasonal Available CRR Capacity for the annual CRR Allocation and CRR Auction processes, and one hundred percent (100%) of Monthly Available CRR Capacity for the monthly CRR Allocation and CRR Auction processes. The CAISO makes available sixty percent (60%) of Seasonal Available CRR Capacity in the Tier LT. Available capacity at Scheduling Points shall be determined in accordance with Section 36.8.4.2 for the purposes of CRR Allocation and CRR Auction of CRRs that have a CRR Source identified at a Scheduling Point. Before commencing with the annual or monthly CRR Allocation and CRR Auction processes, the CAISO may distribute Merchant Transmission CRRs and will model those as fixed injections and withdrawals on the DC FNM to be used in the allocation and auction. These fixed injections and withdrawals are not modified by the Simultaneous Feasibility Test. Similarly, before commencing the annual or monthly CRR Allocation and CRR Auction processes, the CAISO will model any previously allocated Long Term CRRs as fixed injections and withdrawals on the DC FNM to be used in the CRR Allocation and CRR Auction. These fixed injections and withdrawals are not modified by the Simultaneous Feasibility Test, which will ensure no degradation of previously allocated and outstanding Long Term CRRs due to the CRR Allocation and CRR Auction processes. Maintaining the feasibility of allocated Long Term CRRs over the length of their terms also is accomplished through the transmission

planning process in Section 24.1.3.

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36.4.3 Outages that may Affect CRR Revenue; Scheduling Requirements

As provided in Section 9.3.6.4.2, Outages that may have a significant effect upon CRR revenue adequacy must be submitted for approval no less than thirty (30) days in advance of the first day of the month in which the Outage is proposed to begin. Outages that may have a significant effect upon CRR revenue adequacy are defined in terms of the type of facility and the planned duration of the Outage. Outages of the types of transmission facilities described below that extend beyond a twenty-four (24) hour period must be submitted for CAISO approval consistent with this 30-day advance submittal requirement. The types of transmission facilities on the CAISO Controlled Grid to which this 30-day advance submittal and approval requirement applies consist of transmission facilities that:

- (a) are rated above 200 kV; or
- (b) are part of any defined flow limit as described in a CAISO Operating Procedure; or
- (c) were out of service in the last three (3) years and for which the CAISO determined a special flow limit was needed for real-time operation.

A list of the transmission facilities that satisfy criteria (b) and (c) above is provided in the Operating Procedures. The list will be initially created in collaboration with the respective Participating TOs and will be reviewed by the CAISO in collaboration with the Participating TOs on an annual basis and revised as appropriate; provided, however, that the CAISO will ultimately determine the lines that are included in the list. The list will be reviewed by the CAISO on an annual basis and revised as appropriate. The following types of Outages need not be submitted for approval within this thirty-day time frame and will not be designated as Forced Outages if they otherwise comply with the requirements in Section 9.3.6: (1) Outages previously approved by CAISO that are moved within the same calendar month either by the CAISO or by request of the Participating TO; and (2) Outages associated with CAISO-approved allowable transmission maintenance activities during restricted maintenance operations as covered in CAISO Operating Procedures.

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36.8.4.2.2 Scheduling Points as CRR Sources for LSEs Beyond CRR Year One

In the annual CRR Allocation processes subsequent to CRR Year One, there will be no special provisions regarding CRR Sources at Scheduling Points in tiers 1 and 2 for LSEs. For tier 3 the CAISO will calculate and set aside for the annual CRR Auction fifty percent (50%) of the import capacity at each Scheduling Point that remains after the tier 1 and tier 2 CRR Allocations and after considering any previously allocated Long Term CRRs that are valid for that month as described in Section 36.4.1. In the monthly CRR Allocation processes subsequent to CRR Year One there will be no special provisions regarding CRR Sources at Scheduling Points in tier 1 for LSEs. For tier 2 the CAISO will calculate and set aside for the monthly CRR Auction fifty percent (50%) of the import capacity that remains at each Scheduling Point after accounting for the annual CRR Allocation and CRR Auction results for that month, any previously allocated Long Term CRRs that are valid for that month, and the results of tier 1 of the monthly CRR Allocation.

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36.13 CRR Auction

The CAISO shall conduct CRR Auctions on an annual and monthly basis subsequent to each annual and monthly CRR Allocation process. Candidate CRR Holders may bid to purchase and may acquire CRR Obligations, and may sell CRRs, through the CAISO's annual and monthly CRR Auctions in accordance with the provisions of this Section 36.13. CRR Auction results shall be settled as provided in Section 11.2.4.3.

36.13.1 Scope of the CRR Auctions

The CAISO will conduct a CRR Auction corresponding to and subsequent to the completion of each CRR Allocation process, and prior to the start of the period to which the auctioned CRRs will apply. Each CRR Auction will release CRRs having the same seasons, months and time of use specifications as the CRRs released in the corresponding CRR Allocation. Each CRR Auction will utilize the same DC FNM that was

California Independent System Operator Corporation
Fifth Replacement Tariff

utilized in the corresponding CRR Allocation. For each CRR Auction, the CRRs allocated in the corresponding CRR Allocation will be modeled as fixed injections and withdrawals on the DC FNM and will not be adjusted by the SFT in the CRR Auction process. Thus the CRR Auction will release only those CRRs that are feasible given the results of the corresponding CRR Allocation. CRRs released in a CRR Auction will be indistinguishable from CRRs released in the corresponding CRR Allocation for purposes of settlement and secondary trading. The following additional provisions apply. First, participants in the CRR Auctions will have more choices regarding CRR Sources and CRR Sinks than are eligible for nomination in the CRR Allocations, as described in Section 36.13.5. Second, to the extent a Market Participant receives CRRs in both a CRR Allocation and the corresponding CRR Auction, the CRRs obtained in the CRR Auction will not be eligible for nomination in the PNP. Third, in CRR Year One the CRR Auction cannot be used by CRR Holders to offer for sale CRRs they acquired in a prior CRR Allocation, CRR Auction or through the Secondary Registration System. In the annual and monthly CRR Auction processes for years following CRR Year One, CRR Holders may offer for sale any CRRs held by such holders, subject to the limitations on sale and transfer of Long Term CRRs specified in Section 36.7.1.2. Merchant Transmission CRRs that are CRR Options may be offered for sale in the annual and monthly CRR Auctions for years following CRR Year One, subject to the same temporal limitations that apply to Long Term CRRs as specified in Section 36.7.1.2. As further described in Section 36.13.4, sales of CRRs in the CRR Auctions are accomplished through the submission of a CRR bid to procure a counterflow CRR of the CRR to be liquidated.

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36.13.4 Bids in the CRR Auctions

Bids to purchase CRRs shall be submitted in accordance with the requirements set out in this Section 36.13.4 and as further specified in the applicable Business Practice Manuals. Once submitted to the CAISO, CRR bids may not be cancelled or rescinded by the Market Participant after the CRR Auction is closed. Market Participants may bid for Point-to-Point CRRs. Each bid for a Point-to-Point CRR shall specify:

California Independent System Operator Corporation
Fifth Replacement Tariff

- (a) The associated month or season and time of use period;
- (b) The associated CRR Source and CRR Sink;
- (c) A monotonically non-increasing piecewise linear bid curve in quantities (denominated in thousandths of a MW) and prices (\$/MW).

Bid prices in all CRR bids may be negative. Sales of CRRs in the CRR Auctions are accomplished through the submission of a CRR bid to procure a counterflow CRR of the CRR to be liquidated. If such bids for sale of CRRs are cleared through the CRR Auction, the entitlements rights of the CRR Holder that sold the CRR in this manner are effectively liquidated.

36.13.5 Eligible Sources and Sinks for CRR Auction

Allowable CRR Sources for CRRs acquired/sold in the CRR Auction will be PNodes, Scheduling Points, Trading Hubs, LAPs, MSS-LAPs and Sub-LAPs. Allowable CRR Sinks for CRRs acquired/sold in the CRR Auction will be PNodes, Scheduling Points, Trading Hubs, LAPs, MSS-LAPs and Sub-LAPs.