

**COMMENTS OF IDAHO POWER COMPANY  
ON CAISO’S DRAFT RELIABILITY COORDINATOR SERVICES AGREEMENT  
AND TARIFF SECTIONS**

| <b>Submitted By</b>  | <b>Company</b>      | <b>Date Submitted</b> |
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Idaho Power Company (“Idaho Power”) appreciates the opportunity to comment on the California Independent System Operator’s (“CAISO”) draft Reliability Coordinator (“RC”) Services Agreement (“RCSA”) and tariff sections. Idaho Power appreciates CAISO’s work to be able to provide RC Services and supports the general concepts outlined in the Draft Final Proposal. Idaho Power recommends clarifications and changes to the RCSA and tariff as set forth below.

**I. GENERAL COMMENTS**

**A. RC Services.**

Idaho Power strongly encourages and supports CAISO providing the same core RC Services, and the same high level of performance, as currently provided for the West by Peak Reliability (“Peak”). Idaho Power believes that the tools and services provided by Peak—including, but not limited to, the real-time messaging tool and Enhanced Curtailment Calculator (“ECC”)—are critical to a high-functioning RC. Idaho Power understands and appreciates that CAISO plans to offer these tools,<sup>1</sup> and recommends changes below to ensure that they are addressed in the RCSA.

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<sup>1</sup> See *Reliability Coordinator Rate Design, Terms and Conditions Draft Final Proposal*, 5-7 (June 20, 2018), <http://www.caiso.com/Documents/DraftFinalProposal-ReliabilityCoordinatorRateDesign-Terms-Conditions.pdf>.

**B. Data Sharing.**

Idaho Power strongly encourages CAISO to facilitate continued data sharing among RC Customers as exists today. Idaho Power understands that CAISO hopes to continue to use the Universal Data Sharing Agreement. Idaho Power encourages CAISO to work with Peak and potential RC Customers as soon as possible to determine how best to continue to facilitate data sharing.

**II. RCSA**

As discussed further below, Idaho Power requests clarification regarding Section 2.2.1 of the RCSA. Idaho Power also recommends changes to Sections 3.2 and 9.2. Finally, Idaho Power recommends a new Schedule 4 to the RCSA and recommends changes to Sections 1.1.5 and 2.2 to reference the new Schedule 4. The proposed changes are shown in redline in Attachment A.

**A. Section 2.2.1: Supplemental Services – Hosted Advanced Network Application (“HANA”).**

Proposed Section 2.2.1 states that each year the RC Customer will notify CAISO as to which HANA services it elects to take for the following year. Idaho Power requests clarification regarding which HANA services CAISO will offer and requests that a list of available HANA services be provided to potential RC Customers as soon as possible. Idaho Power also suggests that the new proposed Schedule 4 to the RCSA could be used to document the HANA services that the RC Customer elects to take.

**B. Section 3.2: Termination.**

Idaho Power recommends changes to Sections 3.2.1 and 3.2.2 of the RCSA to clarify when and how CAISO may terminate the agreement and to clarify when a termination by the RC Customer would become effective.

In Section 3.2.1, the current proposed language states that upon a material default by the RC Customer which is not timely remedied, CAISO may terminate the agreement at any time upon 30 days' written notice of termination. Later, Section 3.2.1 states that CAISO must timely file a notice of termination with the Federal Energy Regulatory Commission ("FERC") or otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. It then states that the agreement will terminate upon FERC acceptance of the notice of termination or 30 days after CAISO's notice of default, if terminated in accordance with FERC Order No. 2001.

There appears to be a conflict or, at a minimum, confusion between the idea that CAISO may terminate "at any time" upon 30 days' notice of termination and the specific timelines related to FERC requirements. Idaho Power recommends edits to Section 3.2.1 to delete the words "at any time" to clarify that the language at the end of the paragraph regarding FERC requirements controls. Idaho Power also recommends acknowledging that a default may be excused by reason of Uncontrollable Forces in accordance with Section 10.2 of the RCSA and moving some of the language to the end of the subsection to clarify the requirements.

Regarding Section 3.2.2, "Termination by RC Customer," the language at the beginning of the paragraph states that a timely notice of termination by the RC Customer "will become effective on April 1 of the following year." Later, Section 3.2.2 states that CAISO must timely file a notice of termination with FERC or otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. It goes on to state that the agreement will terminate upon FERC acceptance of the notice of termination or upon 12 months if terminated in accordance with FERC Order No. 2001.

There seems to be a conflict or lack of clarity between the idea that the termination would be effective on April 1 of the year following the notice of termination being given

and the idea that termination would become effective upon FERC acceptance or 12 months. Because the effective date of termination is unclear, Idaho Power recommends edits to Section 3.2.2 to clarify if the notice of termination is filed with FERC, then termination will be effective on the later of FERC acceptance or the April 1 effective date described at the beginning of the paragraph. If CAISO has otherwise complied with the requirements of FERC Order No. 2001 and related orders, termination will be effective upon the later of 12 months or the April 1 effective date.

**C. Section 9.2: Limitation on Disputes.**

CAISO proposes to limit the RC Customer's ability to raise claims or disputes regarding compliance with the North American Electric Reliability Corporation ("NERC") Reliability Standards, including CAISO's performance of the applicable RC tasks and functions, to the agency responsible for enforcement of the NERC Reliability Standards.

It is not appropriate to limit the RC Customers' ability to raise claims or disputes to any particular agency or venue. In particular, RC Customers must have the ability to raise claims or disputes regarding CAISO's performance of its obligations under the NERC Reliability Standards, the CAISO tariff, and the RCSA in any appropriate venue. Idaho Power recommends changes to this section to reflect that an RC Customer may raise any claim or dispute, including those regarding compliance with the Reliability Standards and CAISO's performance of its duties, in any appropriate venue.

**D. Schedules: New Proposed Schedule 4.**

Idaho Power recommends that CAISO adopt an additional schedule to the RCSA—Schedule 4—in which CAISO and the RC Customer could agree on the specific RC Services that CAISO will provide. Section 19.5(a) lists the RC Services generally, but the general list does not adequately cover some services that Idaho Power believes are critical for a high-functioning RC to provide. For example, the list does not appear to

include the real-time messaging service or the ECC. It is critical that these services and tools continue to be available as part of core RC Services, and Idaho Power understands that CAISO intends to offer them. However, they are not addressed in the current tariff or RCSA language. Idaho Power recommends adoption of a new Schedule 4 to the RCSA to allow the RC Customer and CAISO to document, in detail, the services that CAISO will provide. Idaho Power also recommends corresponding changes to Sections 1.1.5 and 2.2 of the RCSA to reference Schedule 4. Finally, Idaho Power also recommends a change to Section 19.5(a) of the tariff to reference Schedule 4. See below and Attachment B.

### **III. RC SERVICES TARIFF**

Idaho Power recommends changes throughout Section 19 and in some of the related tariff sections identified by CAISO, as discussed below and as in shown in redline in Attachment B.

#### **A. Section 19.2: Access to RC Services.**

The RC Services Date, Onboarding Period, and Initial Onboarding Dates described in Sections 19.2(b)(4) through (6) must be established in consultation with the RC Customer—not solely in the discretion of CAISO. Similarly, the Initial Onboarding Date should be memorialized in the RCSA and must not be later than December 1, 2019, given that Peak intends to wind down operations by December 31, 2019. Idaho Power has suggested edits, shown in Attachment B, to reflect these changes and to clarify the language.

In Section 19.2(b)(10), the requirement that CAISO and the RC Customer exchange a readiness statement with each other at least 30 days prior to the RC Services Date, is unnecessarily long. Idaho Power recommends changing the 30 days to 15 days.

Finally, Section 19.2(b)(9)(D) contemplates that CAISO or the RC Customer may notify the other that it cannot proceed with implementation on the RC Services Date. Given that Peak intends to wind down its operations at the end of 2019, it is critically important that the RC Services Date for RC Customers in the Initial Onboarding phase be no later than December 1, 2019. Idaho Power recommends changes to subsection (D) to reflect this.

**B. Section 19.3: Supplemental Services – Hosted Advanced Network Applications (HANA).**

Section 19.3(b) provides that the initial term for HANA services will be three years, but does not specify the term length after the initial period. To clarify, Idaho Power recommends clarifying that subsequent terms will be one year.

Section 19.3(c) provides that an RC Customer must notify CAISO as to which HANA services it elects to take. As discussed above, Idaho Power requests that a list of available HANA services be provided to potential RC Customers as soon as possible. Idaho Power also suggests that the proposed Schedule 4 to the RCSA could be used to document the HANA services that an RC Customer elects to take.

**C. Section 19.5: Roles and Responsibilities.**

Section 19.5(a)(1) lists the RC Services CAISO intends to provide. As discussed above, the list does not address some services and tools that Idaho Power believes are critical for a high-functioning RC to provide, such as the real-time messaging service and ECC. Idaho Power recommends a new Schedule 4 to the RCSA to document, in detail, the RC Services the RC Customer and CAISO have agreed to; Idaho Power recommends adding a reference to Schedule 4 in a new subsection 19.5(a)(1)(G).

**D. Section 19.6: Provision of Settlement Data by RC Customers.**

Section 19.6(b) states that RC Customers must provide billing volume data “by no later than a date . . . specified in the Business Practice Manual.” If a customer does not submit the data by that date, it is subject to CAISO imposing a billing volume of 1.25 times the RC Customer’s default megawatt-hour, per Section 19.6(c). Thus, Section 19.6(c) essentially imposes a penalty on the RC Customer for failing to provide data by a date specified in the Business Practice Manual.

The deadline for providing the billing volume data should be specified in the tariff, not in the Business Practice Manual. If the RC Customer risks having its billing volume increased 1.25 times for failing to meet the deadline, the deadline should be clear and in the tariff. Idaho Power recommends CAISO specify the date in Section 19.6(b) and modify Section 19.6(c) to refer to subsection (b).

Further, the 1.25 multiplier in Section 19.6(c) is too severe a penalty for missing this deadline. Idaho Power recommends the multiplier be changed to 1.10. In Section 19.6(c)(1), Idaho Power recommends deleting language that is repetitive and unnecessary.

Sections 19.6(e) and (f) refer to a date specified in the Business Practice Manual as the deadline by which CAISO would publish an informational statement containing the billing data volume for each RC Customer. The tariff identifies a deadline of November 30 for customers to review and validate the data. Given the tariff deadline for reviewing the data, the tariff should also identify a specific date for CAISO to publish the informational statements. Idaho Power recommends October 1 so that customers have adequate time to review. This recommendation is reflected in changes to Sections 19.6(e) and (f).

Under Section 19.6(f), CAISO could, in its sole discretion, review data and adjust an RC Customer's charges assessed up to two years prior. Adjusting prior bills for up to two years is unnecessarily long, and the ability to do so should not be at the sole discretion of CAISO. Idaho Power recommends that the ability to adjust charges be limited to those assessed up to one year prior and that CAISO's ability to review be limited to circumstances where it can show good cause.

**E. Section 19.7: Settlements and Billing for RC Customers.**

Section 19.7(d)(3) limits disputes regarding RC Services invoices to those raised within 5 Business Days of the date of issuance. It is unreasonable to so severely restrict an RC Customer's ability to dispute, particularly when the invoice is for a year's worth of services. Idaho Power recommends customers have 21 Business Days to raise disputes—the same amount of time as they have to pay the invoices. Corresponding changes may be necessary to Section 11.20.9.4.

Section 19.7(d)(4) prohibits RC Customers from disputing any RC Services invoice, except regarding “mere typographical or other ministerial error[s].” RC Customers should be able to dispute any inaccuracies or misrepresentations of the data or in the invoice. Idaho Power recommends deleting this subsection (4) entirely and deleting the reference to “typographical and ministerial” in subsection (6). Corresponding changes may be necessary to Sections 11.20.9.5(a) and (c).

Section 19.7(d)(5) indicates that confirmation and validation of an RC Services invoice dispute will occur through the customer inquiry, dispute, and information system. It does not address whether CAISO will provide the RC Customer notice of its resolution of a dispute. Idaho Power recommends clarifying in Section 19.7(d)(5) that CAISO will provide such notice. This is particularly important because Section 19.10(b) refers to CAISO providing such notice as the trigger for the time period for a customer to initiate a



negotiation or remedy under Section 13. If CAISO's notice of resolution of a dispute is going to be used as the trigger for a timeline by which customers must act to preserve their rights, then it should be made clear in Section 19.7 that CAISO will provide such a notice.

Section 19.7(d)(6)(B) addresses the payment or credit of invoice changes due to corrected bills. Idaho Power believes that whether the change is a net debit or credit, the payment should be due or the credit applied consistent with Section 19.7(e)—that is, within 21 Business Days of the corrected invoice. Corresponding changes may be necessary to Section 11.20.9.5(d).

Section 19.7(e)(1) requires that RC Customers pay an RC Services invoice within 21 Business Days of the invoice issuance. Idaho Power does not object to this requirement, and recommends that other provisions with different payment due dates or credit/refund application dates be made consistent with the 21 Business Day requirement. Specifically, Idaho Power recommends that Section 19.7(e)(5)(B) be changed to allow for 21 Business Days for payment of a supplemental invoice (rather than 15) and that Section 19.7(e)(5)(C) be changed to require CAISO to apply any credits within 21 Business Days of the collection by CAISO. CAISO's proposal to hold the credits for up to a year and apply them on the next year's invoice is unreasonable. Corresponding changes may be necessary to Section 11.20.9.6(c).

**F. Section 19.10: Dispute Resolution Procedures.**

Idaho Power recommends deleting repetitive language in Section 19.10(a), shown in Attachment B. Idaho Power also recommends deleting the reference in subsection (a) to the limitation on disputes in Section 19.10(d), as discussed below.

In Section 19.10(d), CAISO proposed to limit RC Customers' ability to raise claims or disputes regarding compliance with the NERC Reliability Standards, including CAISO's

performance of the specific tasks or functions applicable to a RC. As discussed above in Section II of these Comments, RC Customers must have the ability to raise claims or disputes, particularly on compliance and CAISO's performance of its duties under the Standards, RCSA, and tariff. Idaho Power recommends changes to this section as it did for the corresponding section in the RCSA.

**G. Section 19.11: Reliability Coordinator Oversight.**

Idaho Power supports the establishment of a RC Oversight Committee. Idaho Power recommends clarification in what should be Section 19.11(b) that the CAISO will, *in consultation with potential RC Customers*, adopt a charter for the RC Oversight Committee. (That section is currently identified as the second subsection (a).)

**IV. CONCLUSION**

Idaho Power appreciates the thought and effort that CAISO, potential RC Customers, and other stakeholders have put into CAISO's provision of RC Services. Resolution of these issues is critical for the continued reliability of the West. Idaho Power again appreciates the opportunity to submit these Comments and looks forward to continued collaboration with CAISO on these and other issues.

**ATTACHMENT A**

**DRAFT RCSA**

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[REDLINES REFLECT INCREMENTAL EDITS SINCE PRIOR VERSION  
POSTED ON 5/31/18]

**CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION**

**AND**

**[RC CUSTOMER]**

**RELIABILITY COORDINATOR  
SERVICES AGREEMENT**

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## RELIABILITY COORDINATOR SERVICES AGREEMENT (RCSA)

**THIS AGREEMENT** is dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and is entered into, by and between:

(1) **[Full Legal Name]**, having its registered and principal place of business located at [Address] (the “RC Customer”);

and

(2) **California Independent System Operator Corporation** (the “CAISO”), a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate.

The RC Customer and the CAISO are hereinafter referred to as the “Parties”.

### Whereas:

- A. WHEREAS, the CAISO has registered with and is certified by NERC as a Reliability Coordinator;
- B. WHEREAS, the RC Customer is registered with and certified by NERC as a Balancing Authority and/or Transmission Operator;
- C. WHEREAS, the RC Customer has determined that there is a need for the RC Customer to identify a Reliability Coordinator for its operations, currently and into the foreseeable future; and
- D. WHEREAS, pursuant to this Agreement, the CAISO agrees to provide to the RC Customer services as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

### ARTICLE I

#### DEFINITIONS AND INTERPRETATION

##### 1.1 Specific Definitions.

**1.1.1 CAISO Tariff:** The CAISO electric tariff, as amended from time to time.

**1.1.2 Confidential Information:** Documents, materials, data, or information (“Data”) provided to it by any other Party that reflects or contains: (a) Data treated as confidential or commercially sensitive under the confidentiality provisions of

Section 20 of the CAISO Tariff; (b) Critical Energy Infrastructure Information, as defined in Section 388.113(c)(1) of FERC's regulations; and (c) technical information and materials that constitute valuable, confidential, and proprietary information, know-how, and trade secrets belonging to a Party, including, but not limited to, information relating to drawings, maps, reports, specifications, and records and/or software, data, computer models, and related documentation.

**1.1.3 Initial Term:** The Initial Term of the Agreement is eighteen (18) months from the RC Services Date.

~~**1.1.4 NERC Definitions:** Terms and expressions used in this Agreement will have the same meanings as those contained in the "NERC Glossary of Terms Used in Reliability Standards".~~

~~**1.1.51.1.4 Person:** Any individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, joint operating entity, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, government entity or political subdivision thereof (including a federal power marketing administration), or organization recognized as a legal entity by law in the United States, Mexico, or Canada, as applicable.~~

~~**1.1.65 RC Services:** The Reliability Coordinator services provided by the CAISO and described in Section ~~X.X19~~ of the CAISO Tariff and Schedule 4 of this Agreement. RC Services do not include the supplemental services also offered under this Agreement, as described in Sections 2.2.1 and 2.2.2.~~

~~**1.1.76 RC Services Date:** The date upon which the CAISO becomes the Reliability Coordinator of record for an RC Customer and the RC Customer begins receiving RC Services from the CAISO.~~

**1.2 Rules of Interpretation.** The following rules of interpretation and conventions will apply to this Agreement:

- (a) if there is any inconsistency between this Agreement and Section ~~X.X19~~ of the CAISO Tariff, Section ~~X.X19~~ of the CAISO Tariff will prevail to the extent of the inconsistency;
- (b) the singular will include the plural and vice versa;
- (c) the masculine will include the feminine and neutral and vice versa;
- (d) "includes" or "including" will mean "including without limitation";
- (e) references to a Section, Article or Schedule will mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;

- (f) a reference to a given agreement or instrument will be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- (g) unless the context otherwise requires, references to any law will be deemed references to such law as it may be amended, replaced or restated from time to time;
- (h) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (i) any reference to a day, week, month or year is to a calendar day, week, month or year; ~~and~~
- (j) the captions and headings in this Agreement are inserted solely to facilitate reference and will not have any bearing upon the interpretation of any of the terms and conditions of this Agreement. ~~and~~
- (k) unless otherwise defined in this Agreement, terms and expressions used in this Agreement will have the same meanings as those contained in the "NERC Glossary of Terms Used in Reliability Standards".

## ARTICLE II

### GENERAL RESPONSIBILITIES OF THE PARTIES

- 2.1 Agreement.** This Agreement is subject to Section ~~X.X19~~ of the CAISO Tariff, which is incorporated herein.
- 2.2 Description of CAISO Responsibilities.** The CAISO agrees to provide RC Services to the RC Customer, commencing on the RC Services Date, in accordance with Section ~~X.X19~~ of the CAISO Tariff and Schedule 4 of this Agreement.
- 2.2.1 Supplemental Services – Hosted Advanced Network Application (HANA).** The CAISO agrees to provide HANA services to the RC Customer at its request for an additional charge, as set forth in Section ~~X.X19.3~~ of the CAISO Tariff. Each year, the RC Customer will notify the CAISO in writing by October 1 as to which HANA services it is electing to take for the following calendar year. If the RC Customer does not ~~notify~~ provide such notice to the CAISO by October 1, the CAISO will continue to provide the RC Customer with the same HANA services it is providing to the RC Customer during the then current year.

If the RC Customer elects to receive HANA services, the RC Customer agrees to pay for three years of services regardless of whether it takes HANA services for the entire three year term, and will be invoiced one-third of that amount annually during the initial three year term. Thereafter, the RC Customer will be invoiced annually for HANA services as described above.

**2.2.2 Supplemental Services – Physical Security Review.** The CAISO agrees to provide physical security review services to the RC Customer at its request for an additional charge, as set forth in Section ~~X.X19.4~~ of the CAISO Tariff, in accordance with applicable Reliability Standards (currently, NERC CIP-014).

**2.3 Description of RC Customer Responsibilities.** The RC Customer agrees to comply with the provisions of Section ~~X.X19~~ of the CAISO Tariff ~~that are applicable to its NERC designated function. The RC Customer is either a (check the box that applies):~~

**2.4 RC Customer Entity Status.** The RC Customer is either a (check the box that applies):

- (a) Balancing Authority (settled based on Net Energy for Load (NEL) of the BAA)
- (b) Generator Only Balancing Authority (settled based on Net Generation (NG) of the BAA)
- (c) Transmission -Operator:
  - 1) Outside CAISO BAA with no load (settled based on fee)
  - 2) Outside CAISO BAA with load (settled based on Transmission Owner load or share of BAA NEL)
  - 3) Inside CAISO BAA with no load (settled based on fee)
  - 4) Inside CAISO BAA with load (settled based on share of CAISO BAA NEL)

**2.42.5 Identification of Transmission Operators and Transmission Owners.** Each RC Customer that is a Balancing Authority will provide the CAISO with a list of the Transmission Operators and corresponding Transmission Owners ~~they are it is~~ representing for RC Services in Schedule 1. ~~If the~~ Each RC Customer ~~that is~~ a Transmission Operator, ~~it~~ will provide the CAISO with a list of the Transmission Owners ~~they are it is~~ representing for RC Services in Schedule 1 and will identify the Balancing Authority Area in which it and any Transmission Owners are located. Any changes to Schedule 1 will not constitute an amendment to this Agreement.

### ARTICLE III

#### TERM AND TERMINATION

**3.1 Term.** This Agreement will be effective as of the later of the date it is executed



by the Parties or the date accepted for filing and made effective by FERC (“Effective Date”). The Agreement will remain in full force and effect for eighteen (18) months from the RC Services Date (“Initial Term”). Upon expiration of the Initial Term, this Agreement will automatically renew and will remain in full force and effect until terminated pursuant to Sections 3.2.1 or 3.2.2 of this Agreement.

## 3.2 Termination.

**3.2.1 Termination by CAISO.** ~~In the event The CAISO may terminate this Agreement by giving written notice of termination in the event that~~ the RC Customer commits any material default under this Agreement, which, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given written notice to the RC Customer of the default, ~~unless the default is excused by reason of Uncontrollable Forces in accordance with Section 10.2 of this Agreement. the CAISO may terminate this Agreement at any time upon thirty (30) days prior written notice of termination. For avoidance of doubt, if the CAISO terminates the Agreement under this Section 3.2.1 prior to expiration of the Initial Term, the RC Customer will still be required to pay the RC Service Charge for the remainder of the Initial Term. Any outstanding financial right or obligation or any other obligation under the CAISO Tariff of the RC Customer that has arisen while that RC Customer was receiving services under this Agreement, and any provision of this Agreement necessary to give effect to such right or obligation, will survive until satisfied.~~ With respect to any notice of termination given pursuant to this Section, the CAISO must timely file a notice of termination with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if: the filing of the notice of termination is made after the preconditions for termination have been met, and the CAISO files the notice of termination within sixty (60) days after issuance of the notice of default. This Agreement will terminate upon acceptance by FERC of such a notice of termination, or thirty (30) days after the date of the CAISO’s notice of default if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders. ~~For avoidance of doubt, if the CAISO terminates the Agreement under this Section 3.2.1 prior to expiration of the Initial Term, the RC Customer will still be required to pay the RC Service Charge for the remainder of the Initial Term. Any outstanding financial right or obligation or any other obligation under the CAISO Tariff of the RC Customer that has arisen while that RC Customer was receiving services under this Agreement, and any provision of this Agreement necessary to give effect to such right or obligation, will survive until satisfied.~~ For avoidance of doubt, if the CAISO terminates the Agreement under this Section 3.2.1 prior to expiration of the Initial Term, the RC Customer will still be required to pay the RC Service Charge for the remainder of the Initial Term.

**3.2.2 Termination by RC Customer.** The RC Customer may terminate this Agreement, without penalty, by giving the CAISO not less than twelve (12)

months advance written notice after the Initial Term. This notice will be given on or before April 1 of the current calendar year and such termination will become effective on April 1 of the following year. If the RC Customer gives the CAISO less than twelve (12) months' notice after the Initial Term and is being billed directly for the RC Services in accordance with Section 5.23, the RC Customer will be charged an amount equal to the balance of the RC Service ~~fees~~Charge remaining on the twelve (12) month required notice period. Any outstanding financial right or obligation or any other obligation under the CAISO Tariff of the RC Customer that has arisen while that RC Customer was receiving services under this Agreement, and any provision of this Agreement necessary to give effect to such right or obligation, will survive until satisfied. With respect to any notice of termination given pursuant to this Section, the CAISO must timely file a notice of termination with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if the request to file a notice of termination is made after the preconditions for termination have been met. For entities subject to FERC jurisdiction, if CAISO has filed a notice of termination with FERC, termination will be effective upon the later of acceptance by FERC of notice of termination, or the April 1 effective date described above. If CAISO has otherwise complied with the requirements of FERC Order No. 2001 and related FERC orders, termination will be effective upon the later of -or upon- twelve (12) months after CAISO has complied with such requirements, or the April 1 effective date described above if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

- 3.2.3 Transition Assistance.** Except in the case of a CAISO termination for a default by the RC Customer, if the RC Customer requests in their notice of termination, the CAISO will reasonably assist the RC Customer to transition to another Reliability Coordinator prior to the effective date of the transition, including providing data and assistance, provided that the RC Customer will reimburse the CAISO for its reasonable costs for such assistance.

## ARTICLE IV

### PENALTIES AND SANCTIONS

- 4.1 Allocation of Reliability Related Penalty Costs.** The CAISO will have the right to allocate reliability-related penalty costs assessed to the CAISO by FERC, NERC and/or WECC to the RC Customer in accordance with Section ~~X.X~~19.14 of the CAISO Tariff.

## ARTICLE V

### BILLINGS AND SETTLEMENTS

- 5.1 Data and Submission.** The RC Customer will be responsible for submitting its

RC Services' settlements data and related information to the CAISO in accordance with Section ~~X.X~~19.6 of the CAISO Tariff.

**5.25.2 Default MWh.** At the time it executes this Agreement, the RC Customer will provide an initial default MWh volume in Schedule 1. The default MWh volume shall be calculated as follows:

**5.2.1 Default NEL MWh.** The initial default Net Energy for Load MWh volume will be based on the previous year's data provided by the NERC/WECC report on NEL for the Load Serving Entity multiplied by 1.25.

**5.2.2 Default NG MWh.** The initial default Net Generation MWh volume will be based on the sum of the RC Customer's generator(s) installed capacity multiplied by a .90 capacity factor and multiplied by 8,760 hours per year. If the RC Customer's installed capacity changes, the default Net Generation MWh volume set forth in Schedule 1 must be amended.

**5.2.3 Validation of Default MWh Amount.** The CAISO reserves the right to request that the RC Customer provide it with data to validate the RC Customer's stated default MWh amount in Schedule 1. The RC Customer agrees to provide in a timely manner such requested data necessary for the CAISO to perform such validation, and the CAISO agrees to use this information solely for this purpose.

**5.3 Invoice and Payment Process.** If the RC Customer is a Balancing Authority, or if it is a Transmission Operator who elects to be billed directly in exchange for the RC Services provided by this Agreement, said RC Customer will be invoiced for RC Services in accordance with Section ~~X.X~~19.7 of the CAISO Tariff and will have the right to dispute the RC Services invoiced amount in accordance with ~~Section X.X~~Sections 19.7 and 19.10 of the CAISO Tariff. If the RC Customer is a Transmission Operator and does not elect to be billed directly, the costs for its RC Services will be borne by its Balancing Authority. If the RC Customer is within the CAISO Balancing Authority Area, the Transmission Operator will be billed in accordance with Section ~~X.X~~11.20.9 of the CAISO Tariff.

For billing purposes in accordance with this Section, the RC Customer represents that it is either a (check the box that applies):

- (a) **Balancing Authority**
- (b) **Transmission Operator (direct billing elected)**
- (c) **Transmission Operator (billed to Balancing Authority)**
- (d) **Transmission Operator within the CAISO BAA**

- 5.34 Payment Default.** The CAISO will have the right to recover unpaid RC Services invoiced amounts from the RC Customer pursuant to Section ~~X.X~~19.7 of the CAISO Tariff. For RC Customers in the CAISO Balancing Authority Area, the CAISO will have the right to recover unpaid RC Services invoiced amounts from the RC Customer pursuant to Section ~~X.X~~11.20.9 of the CAISO Tariff.

## ARTICLE VI

### CONFIDENTIALITY

- 6.1 Confidentiality.** Each Party's Confidential Information will be treated in accordance with Section ~~20~~19.15 of the CAISO Tariff and any other applicable confidentiality or data sharing agreements in effect between the Parties.

## ARTICLE VII

### GOVERNING LAW

- 7.1 Governing Law and Forum.** This Agreement will be deemed to be a contract made under, and for all purposes will be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement will be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.

## ARTICLE VIII

### LIABILITY

- 8.1 Liability.** Except as expressly provided in this Agreement, neither Party will be liable to the other Party under any circumstances, whether any claim is based in contract or tort, for any special, consequential, indirect or incidental damages, including, but not limited to, lost profits, loss of earnings or revenue, loss of use, loss of contract or loss of goodwill, arising out of or in connection with this Agreement or the services performed in connection with this Agreement.
- 8.2 No Third Party Enforcement.** No third party will be entitled to enforce this Agreement against any Party hereto. This Agreement is made and entered into for the sole protection and legal benefit of the Parties. No other Person will be a direct or indirect legal beneficiary, or have any direct or indirect cause of action or claim in connection with, this Agreement. No other Person will be a third party beneficiary under this Agreement.

- 8.3 Recovery for Third Party Indemnity.** To the extent that the CAISO suffers any loss as a result of any third party claims arising out of the performance of this Agreement in violation of Section 8.2 herein, the CAISO will be entitled to seek recovery of such loss through Section 14 of the CAISO Tariff, except that any reference in Section 14 of the CAISO Tariff to Market Participants will be read as a references to the RC Customer and references to the CAISO Tariff will be read as references to this Agreement.

## ARTICLE IX

### DISPUTE RESOLUTION

- 9.1 Dispute Resolution.** The Parties will make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties must adhere to the CAISO ADR Procedures as set forth in Section 4319.10 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 4319.10 of the CAISO Tariff to Market Participants will be read as a references to the RC Customer and references to the CAISO Tariff will be read as references to this Agreement.

- 9.2 Limitation on Disputes.** Notwithstanding any other provision of this Agreement or Section 19 of the CAISO Tariff, an RC Customer may raise Any claim or dispute under this Agreement or Section 19 of the CAISO Tariff, including that concerning compliance with the NERC Reliability Standards; (including the CAISO's performance of the specific tasks and functions applicable to a Reliability Coordinator), in any appropriate venue, including but not limited to will not be subject to dispute under this Agreement or the CAISO Tariff and may only be initiated and processed by the agency responsible for the enforcement of the NERC Reliability Standards pursuant to the agency rules of practice and procedure applicable to such claim or dispute.

## ARTICLE X

### MISCELLANEOUS

- 10.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.

- 10.1.1 Information Exchange.** All information, including Confidential Information provided by any Party under this Agreement, is accurate to the extent of the providing Party's knowledge. The receiving Party receives the information "as is" and with the understanding that the information is accurate to the best of the providing Party's knowledge at the time of receipt.

- 10.2 Uncontrollable Forces Tariff Provisions.** Section 44.119.12 of the CAISO

Tariff will be incorporated by reference into ~~this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants will be read as a reference to the RC Customer and references to the CAISO Tariff will be read as references to~~ this Agreement.

**10.3 Consistency with Federal Laws and Regulations.** This Agreement incorporates by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement.

**10.3.1 Federal Entity Contract Requirements.** The provisions of Schedule 2 hereto contain provisions applicable to certain contracts entered into with the federal government. The provisions of Schedule 2 are applicable to a Party that is a federal entity if and to the extent required by applicable law and if not otherwise exempted.

**10.3.2 No Waiver of Federal Rights.** By entering into this Agreement, no federal entity shall be deemed to have waived its rights to protest or challenge in any action or proceeding, any allocation of reliability related penalties, nor does any federal entity waive its sovereign immunity.

**10.4 Assignments.** ~~Either Party~~The RC Customer may assign or transfer any or all of its rights and/or obligations under this Agreement with the ~~other Party's~~CAISO's prior written consent. Such consent will not be unreasonably withheld. Any such transfer or assignment will be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.

**10.5 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement will be deemed properly served, given, or made: (a) upon delivery if delivered in person, (b) five (5) days after deposit in the mail if sent by first class United States mail, postage prepaid, (c) upon receipt of confirmation by return e-mail if sent by e-mail, or (d) upon delivery if delivered by prepaid commercial courier service, and unless otherwise stated or agreed must be made to the representative of the other Party indicated in Schedule 3. A Party must update the information in Schedule 3 of this Agreement as information changes. Such changes will not constitute an amendment to this Agreement.

**10.6 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, will not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement will not constitute or be deemed a waiver of such right.

- 10.7 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 10.8 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition will remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application will not be affected thereby, but will remain in force and effect and the Parties will be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.
- 10.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval will not take effect until FERC has accepted such amendments for filing and made them effective. Nothing contained herein will be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder, and the RC Customer will have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party will have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement will limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 10.10 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which will be regarded as an original and all of which, taken together, will constitute one and the same Agreement. Each individual signing this Agreement certifies that the Party represented has duly authorized such individual to sign, bind, and obligate such Party.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

**California Independent System Operator Corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[RC Customer]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**SCHEDULE 1**

**Transmission Operator / Transmission Owner Relationships**

**(Section RC Customer Required Information**

**(Sections 1.1.6, 2.45 and 5.3)**

The RC Customer represents the following Transmission Operators and corresponding Transmission Owners for RC Services:

| <b>Balancing Authority Area (“BAA”)</b> | <b>Transmission Operator (“TOP”)</b> | <b>Transmission Owner (“TO”)</b> |
|---|--------------------------------------|----------------------------------|
|   |                                      |                                  |
|   |                                      |                                  |
|   |                                      |                                  |
|   |                                      |                                  |
|   |                                      |                                  |
|   |                                      |                                  |
|   |                                      |                                  |

**RC Services Date:** \_\_\_\_\_

**Default MWh:** \_\_\_\_\_

## SCHEDULE 2

### FEDERAL GOVERNMENT CONTRACT PROVISIONS

#### (Section 10.3.1)

This Schedule 2 contains provisions that are necessary for the United States of America, acting by and through the Western Area Power Administration (“Western”) and the Bonneville Power Administration (“Bonneville”) to enter into the Agreement.

#### 1. Billing and Payment

Notwithstanding Section 5.23 of the body of the Agreement, the CAISO will submit ~~monthly invoices~~ an annual invoice to Bonneville and Western for ~~Funded RC~~ Services provided for the preceding month-current year. The invoice will contain information specified in 5 C.F.R. § 1315.9(b). The amount of the ~~monthly~~ invoice will be paid on a monthly basis to the CAISO in an amount equal to 1/12 of the ~~calendar year~~ invoiced amount calculated for Bonneville and Western, respectively, pursuant to Section ~~X.X19.7~~ of the CAISO Tariff and sent to the persons designated by Bonneville and Western. Bonneville and Western may change the persons designated to receive the invoices at any time by written notice to the CAISO. Bonneville and Western will ~~pay~~ make each monthly ~~invoice within twenty calendar days after receipt~~ payment by the twentieth day of such invoice the month, and such payments will be in accordance with the Prompt Payment Act, 31 U.S.C. § 3900 et seq.

#### 2. Contingent Upon Appropriations and Authorization

Where activities provided for in this Agreement extend beyond the current fiscal year, continued expenditures by Western are contingent upon Congress making the necessary appropriations required for the continued performance of Western’s obligations under the Agreement. In case such appropriation is not made, (i) Western will promptly give each of the other Parties written notice of such failure. (ii) Western will from and after the occurrence of any such failure no longer be a party to this Agreement, and (iii) the Parties hereby release Western from its contractual obligations and from all liability due to the failure of Congress to make such appropriation.

#### 3. Covenant Against Contingent Fees

Each of the Parties warrants to each of the other Parties that no person or selling agency has been employed or retained by it to solicit or secure the Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by any Party for the purpose of securing business. For breach or violation of this warranty by any Party other than Western or Bonneville, Western and Bonneville will have the right to annul the contract with respect to

Western and Bonneville without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

#### **4. Contract Work Hours and Safety Standards**

The Agreement, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act (Act), 40 U.S.C. § 3701, as amended or supplemented, is subject to the provisions of the Act, 40 U.S.C. §§ 3701-3708, as amended or supplemented, and to regulations promulgated by the Secretary of Labor pursuant to the Act.

#### **5. Equal Opportunity Employment Practices**

Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by Executive Order No. 12086, 43 Fed. Reg. 46501 (1978), as amended or supplemented, which provides, among other things, that the Parties will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated herein by reference the same as if the specific language had been written into the contract.

#### **6. Use of Convict Labor**

The Parties agree not to employ any person undergoing sentence of imprisonment in performing the Agreement except as provided by 18 U.S.C. § 3622(c), as amended or supplemented, and Executive Order No. 11755, 39 Fed. Reg. 779 (1973), as amended or supplemented.

**SCHEDULE 3**  
**NOTICES**  
**(Section 10.5)**

**RC Customer**

Name of Primary Representative:

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Title:

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Company:

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Address:

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City/State/Zip Code:

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Email address:

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Phone:

---

Name of Alternative Representative:

---

Title:

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Company:

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Address:

---

City/State/Zip Code:

---

Email address:

---

Phone:

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**CAISO**

Name of Primary Representative: Regulatory Contracts  
Title: N/A  
Address: 250 Outcropping Way  
City/State/Zip Code: Folsom, CA 95630  
Email address: RegulatoryContracts@caiso.com  
Phone: (916) 351-4400

Name of Alternative Representative: Christopher J. Sibley  
Title: Manager, Regulatory Contracts  
Address: 250 Outcropping Way  
City/State/Zip Code: Folsom, CA 95630  
Email address: csibley@caiso.com  
Phone: (916) 608-7030

SCHEDULE 4

RC Services Agreed to by the RC Customer and CAISO

HANA Services Elected by the RC Customer

RC Services Agreed to by the RC Customer and CAISO, in addition to those listed in Section 19 of the CAISO Tariff:

HANA Services Elected by the RC Customer:

DRAFT

**ATTACHMENT B**

**DRAFT RC SERVICES  
TARIFF SECTIONS**

**\*\*\*\*The provisions of Section 19 are new and not shown in redline here\*\*\*\***

## **19. Reliability Coordinator**

### **19.1 General Provisions**

- (a) **RC Services.** Pursuant to Section 19, the CAISO will provide RC Services to RC Customers that execute the Reliability Coordinator Services Agreement (RCSA).
- (b) **Tariff Obligations.** RC Customers must comply with –
  - (1) the provisions of Section 19; and
  - (2) other provisions of the CAISO Tariff that apply to the extent such provisions –
    - (A) expressly refer to Section 19 or RC Customers;
    - (B) are cross referenced in Section 19; or
    - (C) are not limited in applicability to the CAISO Controlled Grid, the CAISO Balancing Authority Area, or the CAISO Markets.
- (c) **Inconsistency Between Provisions.** If there is an inconsistency between a provision in this Section 19 and another provision of the CAISO Tariff regarding the rights or obligations of RC Customers, the provision in Section 19 shall prevail to the extent of the inconsistency.
- (d) **Inconsistency With Requirements of NERC Reliability Standards.** If there is an inconsistency between a provision in this Section 19 and an obligation or requirement set forth in an applicable NERC Reliability Standard, the NERC Reliability Standard shall prevail to the extent of the inconsistency.

### **19.2 Access to RC Services**

- (a) **In general.** The CAISO will –
  - (1) obtain certification from NERC and WECC to perform the functions of a Reliability Coordinator;
  - (2) maintain such certification as a Reliability Coordinator; and
  - (3) deliver RC Services in accordance with the NERC Reliability Standards to –
    - (A) transmission operators in the CAISO Balancing Authority Area;



- (B) other Balancing Authorities that request such services from the CAISO and execute the RCSA, including Balancing Authorities that are also registered as transmission operators; and
- (C) transmission operators within other Balancing Authority Areas that are not also registered as a Balancing Authority.

(b) **Implementation of RC Services.**

(1) **Balancing Authorities.** A Balancing Authority that wishes to receive Reliability Coordinator services from the CAISO must first execute an RCSA with the CAISO that establishes –

- (A) the Balancing Authority as an RC Customer of the CAISO;
- (B) the transmission operators within the Balancing Authority Area that will take RC Services from the CAISO, including itself if the Balancing Authority is also registered as a transmission operator;
- (C) the date upon which the Balancing Authority and the identified transmission operators will receive RC Services from the CAISO (the “RC Services Date”); and
- (D) the obligation of the Balancing Authority to complete the onboarding requirements in Section 19.2(b)(7)-(9) prior to the RC Services Date.

(2) **Transmission Operators in Balancing Authority Areas External to CAISO.**

Transmission operators in an RC Customer Balancing Authority Area must execute a RCSA that establishes –

- (A) whether the transmission operator will be invoiced by their associated Balancing Authority or invoiced directly by the CAISO; and
- (B) the date upon which the transmission operator will receive RC Services from the CAISO (the “RC Services Date”); and
- (C) the obligation of the transmission operator to complete the onboarding requirements set forth in Section 19.2(b)(7)-(9) prior to the RC Services Date.



- (3) **Transmission Operators in the CAISO BAA.** Transmission operators in the CAISO Balancing Authority Area must execute a RCSCA that establishes the obligation of the transmission operator to complete the onboarding requirements in section 19.2(b)(7)-(9) prior to the RC Services Date for the CAISO Balancing Authority Area.
- (4) **RC Services Date (other than Initial Onboarding Dates).** The CAISO shall in its discretion, after consultation with the RC Customer, determine the RC Services Date for ~~each entity requesting RC Services~~ the RC Customer, which will be targeted for April 1 of each calendar year except for the initial onboarding dates established in Section 19.2(b)(6).
- (5) **Onboarding Period.** The CAISO will in its discretion, after consultation with the RC Customer, establish the onboarding period based on the complexity and compatibility of the Balancing Authority's transmission and technology systems with the CAISO systems, certification requirements, and the planned timing of the CAISO's implementation of RC Services.
- (6) **Initial Onboarding Dates.** The initial RC Services Dates will be determined through consultation between the CAISO and the RC Customer and will be agreed-to in the RCSCA, but will be –
  - (A) no earlier than July 1, 2019 for RC Customers within the CAISO's Balancing Authority Area; ~~and~~
  - (B) no earlier than September 1, 2019 for RC Customers outside of the CAISO's Balancing Authority Area; ~~and~~
  - (C) no later than December 1, 2019.
- (7) **Integration Testing and Shadow Operations.** The CAISO and the RC Customer will, prior to the RC Services Date, engage in –
  - (A) functional and system integration testing that confirms the RC Customer's onboarding requirements are complete and sufficient to meet the readiness criteria as set forth in the Business Practice Manual for RC

- Services; and
- (B) a period of shadow operations with the RC Customer's current Reliability Coordinator service provider prior to the RC Services Date as provided in the RC Customer implementation project plan.
- (8) **Readiness Determination.** No later than 30 days prior to the RC Services Date, the CAISO will determine, in consultation with the RC Customer, whether the systems and processes of the RC Customer and the CAISO will be ready for the CAISO to begin to provide the RC Customer with RC Services, according to the readiness criteria set forth in the Business Practice Manual for RC Services.
- (9) **Readiness Statement.** The CAISO and the RC Customer will exchange a readiness statement with each other at least ~~30~~-15 days prior to the RC Services Date in which a senior officer of each entity states –
- (A) that the processes and systems of the prospective RC Customer and the CASIO have satisfied or will have satisfied the readiness criteria set forth in the Business Practice Manual for RC Services;
- (B) to any exceptions from the readiness criteria specified in the Business Practice Manual for RC Services and that despite such exceptions the criteria were met or will be met;
- (C) that the RC Services Date is conditional on the resolution of the known issues identified in the statements and any unforeseen issues that undermine the satisfaction of the readiness criteria set forth in the Business Practice Manual for RC Services; and
- (D) if, subsequent to exchanging readiness statements, the CAISO or the RC Customer determines that it cannot proceed with implementation on the RC Services Date, the CAISO or the RC Customer will notify the other of the delay, the reason for the delay, the proposed new RC Services Date, if it can be determined, and whether it will need to re-issue a portion or all of the readiness statement. [Notwithstanding this](#)

[subsection, in no event shall the RC Services Date for RC Customers in the Initial Onboarding phase be later than December 1, 2019.](#)

- (10) **Readiness Reporting.** The CAISO will report on the CAISO Website periodically, but not less than monthly during integration testing and shadow operations, on progress towards achieving the readiness criteria set forth in the Business Practice Manual for RC Services for RC Customers.

### 19.3 Supplemental Services - Hosted Advanced Network Applications (HANA)

- (a) **Scope of HANA Services.** The CAISO will also offer web-based HANA services to its RC Customers as those services are described in the Business Practice Manual for RC Services.
- (b) **Initial Commitment and Term.** RC Customers that wish to obtain HANA services from the CAISO will be required to make a three year initial commitment for these services. [After the three-year initial commitment, RC Customers may take these services for one-year terms, as described in the RCSA.](#)
- (c) **Notification of Election.** An RC Customer must notify the CAISO in writing 90 calendar days prior to the start of its RC shadow operation period as to which HANA services it is electing to take.
- (d) **Termination of HANA Services.** An RC Customer may terminate HANA services in accordance with the RCSA.

### 19.4 Supplemental Services - Physical Security Review

- (a) **Physical Security Review.** The CAISO will provide RC Customers who are transmission operators with verification of their periodic risk assessments of their transmission stations and substations in accordance with Critical Infrastructure Protection Standard 014 (CIP-014) if requested pursuant to the RCSA.
- (b) **Scope of Supplemental Services.** Further detail regarding the nature of these supplemental services are described in the Business Practice Manual for RC Services.

### 19.5 Roles and Responsibilities

- (a) **CAISO Reliability Coordinator Obligations.**



(1) **Reliability Coordinator Services.** The CAISO, as the Reliability Coordinator for the RC Customer, will perform the specific tasks and functions applicable to a Reliability Coordinator pursuant to the NERC Reliability Standards, which include–

- (A) providing outage coordination services in accordance with applicable NERC Reliability Standards;
- (B) performing operations planning analysis in accordance with applicable NERC Reliability Standards;
- (C) conducting real-time assessment, monitoring and wide area situational awareness in accordance with applicable NERC Reliability Standards;
- (D) administering a system operating limit (SOL) methodology in accordance with applicable NERC Reliability Standards;
- (E) approving system restoration plans and facilitate system restoration drills in accordance with applicable NERC Reliability Standards; ~~and~~
- (F) issuing operating instructions to RC Customers with respect to monitored facilities in accordance with applicable NERC Reliability Standards; ~~and~~
- (G) all other RC services agreed-to by the CAISO and the RC Customer in Schedule 4 of the RC SA.

(2) **Other CAISO Reliability Responsibilities.** Nothing in Section 19 shall alter the CAISO’s responsibilities under the other sections of the CAISO Tariff, under any agreement not required by Section 19, or under the NERC Reliability Standards or any other Applicable Reliability Criteria as the Balancing Authority for the CAISO Balancing Authority Area and the transmission operator for the CAISO Controlled Grid, provided that the CAISO, as the Balancing Authority for the CAISO Balancing Authority Area and the transmission operator for the CAISO Controlled Grid, must comply with applicable obligations in Section 19.

(b) **RC Customer Obligations.**

(1) **RC Customer Eligibility.** An RC Customer must be registered and certified

under the applicable authorities as –

- (A) a Balancing Authority;
- (B) a transmission operator within a Balancing Authority Area that receives RC Services from the CAISO; or
- (C) a transmission operator within the CAISO Balancing Authority Area.

(2) **RC Customer Obligations.** An RC Customer will perform the obligations required by NERC Reliability Standards applicable to the functions for which it is registered, insofar as they relate to interactions with the Reliability Coordinator, and will also –

- (A) perform the obligations of an RC Customer in accordance with the Reliability Coordinator Services Agreement and Section 19;
- (B) exchange data, operating plans, operating procedures, studies, and reports with the CAISO in accordance with the Business Practice Manual for RC Services and applicable Operating Procedures;
- (C) follow CAISO operating instructions as the Reliability Coordinator with respect to monitored transmission facilities in accordance with applicable Operating Procedures; and
- (D) promptly provide such information as the CAISO may reasonably request in relation to major incidents.

(3) **Other Balancing Authority or Transmission Operator Responsibilities.**

Except as otherwise addressed in Section 19 or under any agreement required by Section 19, nothing in the CAISO Tariff will alter an RC Customer's responsibilities under NERC Reliability Standards as the Balancing Authority for its Balancing Authority Area, as a transmission operator, or any other function for which the RC Customer is registered.

(4) **RC Customer Termination of Services.**

- (A) **Reliability Coordinator Services Agreement.** An RC Customer

located outside of the CAISO Balancing Authority Area that wishes to terminate RC Services must terminate the RCSA pursuant to its terms.

(B) **Notice.** Delivery to the CAISO of a written notice of termination pursuant to the terms of the RCSA shall represent the commitment by the RC Customer to undertake all necessary preparations to receive services from a Reliability Coordinator other than the CAISO.

(C) **Actions Following Notice.** Upon receipt of such notice, the CAISO will undertake all reasonably necessary preparations to assist in transitioning the RC Customer to a Reliability Coordinator other than the CAISO.

#### 19.6 Provision of Settlement Data by RC Customers

(a) **Applicability.** This Section 19.6 applies to the following RC Customers:

- (1) Balancing Authorities other than the CAISO;
- (2) Transmission operators located in a Balancing Authority Area other than the CAISO that (i) have indicated in the RCSA that they have load, and (ii) have elected in the RCSA to receive direct billing of RC Services from the CAISO.

(b) **Data Requirements.** By no later than [\[a specific date\]](#)~~a date~~, and in the format specified in the Business Practice Manual for RC Services, such RC Customers must submit the following data regarding billing volumes –

- (1) for RC Customers that are, or are located in, generation-only Balancing Authorities, total annual Net Generation in MWh from January 1 through December 31 of the previous year; and
- (2) for all other RC Customers, total annual Net Energy for Load in MWh from January 1 through December 31 of the previous year.

(c) **Failure to Submit Data.** If the RC Customer does not submit the required billing volume data by the date specified [in Section 19.6\(b\) in the Business Practice Manual for RC Services](#), the CAISO will multiply 1.25-10 times the RC Customer's default MWh specified in the RCSA, which will be established as follows:



- (1) the default total annual Net Generation in MWh for RC Customers that are, or are located in, generation-only Balancing Authorities will equal the sum of the RC Customer's installed generation capacity times a 90 percent capacity factor times 8,760 hours per year ~~for RC Customers that are, or are located in, generation-only Balancing Authorities~~; and
- (2) the default total annual Net Energy for Load MWh for all other RC Customers will equal the volumes reported by NERC/WECC for the year prior to the effective date of the RCSA.
- (d) **Reporting Zero Values.** If the RC Customer is a transmission operator that has indicated in its RCSA that it has no Net Energy for Load or Net Generation during the period January 1 through December 31 of the prior year, the RC Customer will indicate such to the CAISO.
- (e) **RC Customer Validation.** By no later than ~~October 1 a date specified in the Business Practice Manual for RC Services~~, the CAISO will publish an informational statement containing the billing data volume for each RC Customer.
- (f) **RC Customer Acceptance.** An RC Customer shall be deemed to have validated and accepted its billing data volume unless it modifies its billing data volume by November 30 ~~following the date of CAISO publication of the billing data volume informational statement.~~
- (g) **CAISO Audit of Submitted Data.** The CAISO may, ~~for good cause shown, in its sole discretion~~ review actual Net Energy for Load or Net Generation information available to the CAISO and adjust an RC Customer's RC Services Charge assessed up to ~~two one~~ years prior to the most recently issued invoice to account for inaccuracies between the billing volumes reported to the CAISO and the actual Net Energy for Load or Net Generation for the same period, and such adjustments will be reflected on the next annual RC Service Invoices.
- (h) **RC Customers in the CAISO Balancing Authority Area.** For RC Customers in the CAISO Balancing Authority Area no submission is required pursuant to this Section 19.6



since the CAISO will calculate such RC Customers' share of the CAISO Balancing Authority Area's Net Energy for Load in accordance with Section 11.20.9.

## **19.7 Settlements and Billing for RC Customers**

- (a) **Applicability.** Section 19.7, rather than Section 11, shall apply to the CAISO Settlement with RC Customers, unless the RC Customer is also a Scheduling Coordinator for a Load Serving Entity in the CAISO Balancing Authority Area, in which case Section 11.20.9 will apply rather than Section 19.7 and the CAISO will invoice such Scheduling Coordinators in accordance with Section 11.20.9.
- (b) **Reliability Coordinator Services Charge.**
- (1) **In General.** The CAISO will charge RC Customers an RC Services Charge based on the rate calculated according to the formula in Appendix F, Schedule 7.
  - (2) **Minimum RC Services Charge.** The CAISO will charge RC Customers a minimum RC Services Charge as set forth in Appendix F, Schedule 7.
  - (3) **Application of Revenues.** The CAISO will apply revenues received from the RC Services Charge against the costs to be recovered through the Grid Management Charge as described in Appendix F, Schedule 7
- (c) **Billing Procedures.**
- (1) **In General.** The CAISO will invoice RC Customers on an annual basis for RC Services provided during that calendar year, except for the initial year of RC Services which will be invoiced in accordance with Section 19.7(c)(3).
  - (2) **RC Services Invoice.** The CAISO will provide RC Customers with an RC Services Invoice by the first business day of each calendar year for RC Services to be provided during that calendar year.
  - (3) **Initial RC Services Invoice Period.** The CAISO will invoice RC Customers for RC Services from the RC Services Date determined in accordance with Section 19.2(b)(6) until the end of that calendar year based on the applicable rate in Appendix F, Schedule 7 at the same time the CAISO invoices RC Customers for the year following that initial year.

- (d) **Validation and Disputes of RC Services Invoices.**
- (1) **Review.** RC Customers will have the opportunity to review and validate the charges included in the RC Services Invoice.
  - (3) **Validation.** An RC Services Invoice shall be binding on the RC Customer to which it relates and will not be subject to later dispute unless the RC Customer has raised a dispute within ~~five~~21 Business Days of the date of issuance.
  - ~~(4) **Disputes.** RC Customers shall be prohibited from disputing any RC Services Invoice, except on the grounds that an error in the invoice is due to a mere typographical or other ministerial error by the CAISO.~~
  - (5) **Confirmation.** Confirmation and validation of any dispute associated with the invoicing of RC Services shall be managed through the CAISO's customer inquiry, dispute, and information system and as provided in Section 19.10. The CAISO will provide the RC Customer notice of its resolution of a dispute.
  - (6) **Corrected Invoices.** If the CAISO determines that an RC Services Invoice contains an ~~typographical or other ministerial~~ error, and the resolution of the dispute makes correction necessary, the CAISO will issue a corrected invoice within 21 Business Days of the date the initial invoice was issued.
    - (A) each RC Customer that receives an invoice for RC Services shall pay any net debit and shall be entitled to receive any net credit specified on a corrected invoice; and
    - (B) payment of any net debit by the RC Customer or net credit by CAISO shall be made in accordance with the procedures set forth in Section 19.7(e), ~~except that payment shall be made by no later than 10 Business Days after a corrected invoice is issued.~~
- (e) **Payment by RC Customers.**
- (1) **Payment Date.** RC Customers shall make timely payment to the CAISO of any charges on an RC Services Invoices by no later than 21 Business Days after an RC Services Invoice is issued.

- (2) **Payment Procedures.**
- (A) **General.** All payments to the CAISO made pursuant to this Section 19 will be denominated in United States dollars and cents and shall be made by Fedwire or, at the option of each RC Customer, by Automated Clearing House by 10:00 am on the relevant payment date.
- (B) **RC Customer System Failure.** If any RC Customer becomes aware that a payment will not, or is unlikely to be, received by the CAISO Bank by 10:00 am on the relevant payment date for any reason (including failure of the Fedwire or any computer system), it shall immediately notify the CAISO, giving full details of the payment delay (including the reasons for the payment delay), and shall make all reasonable efforts to remit payment as soon as possible, by an alternative method if necessary, to ensure that funds are received for value no later than 10:00 am on the payment date, or as soon as possible thereafter.
- (C) **CAISO System Failure.** In the event of failure of any electronic transfer system affecting the CAISO Bank, the CAISO shall notify RC Customers of the occurrence of the system failure and the alternative methods and anticipated time of payment. In the event that a payment is received late by the CAISO Bank due to a system failure affecting the CAISO Bank, the procedures set forth in Section 19.7(e)(3)-(5) below shall not apply.
- (3) **Late Payment and Default.** If payment is not received by the last Business Day in January, the RC Customer will be charged a \$1,000 late payment fee on a supplemental RC Services Invoice and will be considered to be in default understanding that the CAISO reserves the right to suspend such RC Customer's RC services until such time payment is received.
- (4) **Payment Pending Dispute.** If there is any dispute relating to a charge included on an RC Services Invoice that is not resolved prior to the payment due date, the RC Customer shall pay any amounts shown on the relevant RC Services Invoice

as of that payment date irrespective of whether any such dispute has been resolved or is still pending and the provisions of Section 19.10 will thereafter apply to the disputed amount.

(5) **Default Collection Procedures.**

(A) **In General.** In the event an RC Customer defaults on the payment of all or any portion of the RC charges included on an RC Services Invoice, the CAISO may, at its discretion, issue a supplemental RC Services Invoice to all other RC Customers that reallocates any amounts unpaid by the defaulting RC Customer to all other RC Customers in proportion to the amounts included on those RC Customers' RC Services Invoices.

(B) **Supplemental Payment.** RC Customers shall make payment to the CAISO of any charges on a supplemental invoice within ~~21~~<sup>15</sup> Business Days of the date the supplemental invoice is issued.

(C) **CAISO Collection.** Notwithstanding any reallocation pursuant to this Section 19.7, the CAISO shall –

- (i) use all commercially reasonable efforts (including suspension of RC Services) to collect amounts invoiced in accordance with this Section 19.7; and
- (ii) credit other RC Customers in proportion to the amount of the supplemental invoice they received pursuant to this Section 19.7 in an amount equal to any amounts collected by CAISO from a defaulting RC Customer, with credits to be applied within 21 Business Days of the collection by CAISO~~provided that any such credits will be included on the next annual invoice after the CAISO collects such amounts.~~

**19.8 Supplemental Services - HANA Services Charge**

(a) **HANA Services Charge.** The CAISO will charge RC Customers that elect HANA services the annual cost for the ongoing software license fee, which will be passed

through directly to the RC Customer, and the costs set forth in Appendix F, Schedule 7 which will include –

- (1) a start-up cost amortized over an initial 3 year minimum commitment period; and
  - (2) the annual cost for CAISO support of the HANA services.
- (b) **Invoicing for HANA Services.** The CAISO will invoice the RC Customer for HANA services when the services commence and each year thereafter on the RC Services Date anniversary.
- (c) **Payment for HANA Services.** Payment for HANA services will be due within 21 business days of the invoice date.
- (d) **Termination of HANA Services.** An RC Customer that has elected to receive HANA services will continue to be invoiced for the services annually during the initial 3 year commitment period and each year thereafter until the services have been terminated in accordance with the RCSA.

#### **19.9 Supplemental Services – Physical Security Review Charge**

- (a) **In General.** An RC Customer may request in writing that the CAISO perform physical security review or other supplemental reliability services as specified in the Business Practice Manual for RC Services.
- (b) **Charges.** An RC Customer electing such services will be charged the actual costs incurred by the CAISO provided that (i) the RC Customer requests in writing that the CAISO perform the services, and (ii) the RC Customer provides a \$50,000 deposit to the CAISO at the time the request is submitted along with any information required by the CAISO to perform the services, and –
- (1) if the deposit exceeds the actual cost incurred to provide physical security review services, the CAISO will refund the excess amount to the RC Customer;
  - (2) if the actual cost of performing the services exceeds the deposit, the CAISO will invoice the RC Customer for the excess, and the RC Customer shall pay the undisputed amount within thirty (30) calendar days;
  - (3) if the RC Customer fails to timely pay any undisputed costs, the CAISO shall not

be obligated to continue to perform physical security review services unless and until the RC Customer has paid all undisputed amounts.

#### 19.10 Dispute Resolution Procedures

- (a) **In General.** Disputes involving matters arising under Section 19 shall be subject to dispute resolution pursuant to Section 13 ~~for all matters arising under Section 19~~, subject to the disputed invoice resolution procedures in Section 19.7(d) ~~and the limitation on disputes in Section 19.10(d)~~.
- (b) **Timing.** In the case of a dispute of an RC Services Invoice under Section 19.7, an RC Customer must initiate any good faith negotiation or other dispute resolution remedy under Section 13 within 90 days of the day on which the CAISO provides notice of its resolution of a dispute under Section 19.7.
- (c) **Processing Disputes.** Confirmation and validation of any dispute associated with RC Services shall be managed through the CAISO's customer inquiry, dispute, and information system and as provided in the Business Practice Manual for RC Services.
- (d) ~~Limitation on Disputes~~ Regarding Compliance with the NERC Reliability Standards. Notwithstanding any other provision of this Section 19 or the RCSA, an RC Customer may raise Aany claim or dispute under this Section 19 or the RCSA, including that ~~concerning~~ compliance with the NERC Reliability Standards, (including the CAISO's performance of the specific tasks and functions applicable to a Reliability Coordinator), in any appropriate venue, including but not limited to ~~will not be subject to dispute under the CAISO Tariff or the RCSA and may only be initiated and processed by~~ the agency responsible for the enforcement of the NERC Reliability Standards pursuant to the agency rules of practice and procedure applicable to such claim or dispute.

#### 19.11 Reliability Coordinator Oversight

- (a) **In General.** The CAISO will establish a Reliability Coordinator Oversight Committee that provides RC Customer input and oversight to the CAISO's provision of RC Services.
- (ba) **Charter.** The CAISO will, in consultation with potential RC Customers, adopt a charter that prescribes the membership, responsibilities and procedures of the Reliability

Coordinator Oversight Committee.

### **19.12 Uncontrollable Forces**

The provisions of Section 14.1 – 14.3 regarding Uncontrollable Forces will apply to RC Customers, except that all references to “Market Participants” in such provisions shall be read as including RC Customers for purposes of application.

### **19.13 Liability**

The provisions of Article VIII of the RCSA will apply to the CAISO and RC Customers with respect to any liability arising under Section 19 rather than the provisions of Section 14.4 – 14.5, except that all references to “Party” shall be read as including the CAISO and the RC Customer as the context requires.

### **19.14 Penalties**

The provisions of Section 14.7 regarding the allocation of Reliability Standard penalties will apply to RC Customers.

### **19.15 Confidentiality**

The confidentiality provisions of Section 20 will apply to provision of RC Services to RC Customers, including any information provided by RC Customers to the CAISO in connection with the provision of RC Services, except that all references to “Market Participants” in Section 20 shall be read as including RC Customers for purposes of application.

### **19.16 Miscellaneous Provisions in Addition to Section 22**

Section 22 will apply to the CAISO’s provision of RC Services pursuant to Section 19, except that all references to “Market Participants” in Section 22 shall be read as including RC Customers for purposes of application.

**\*\*\*\*The definitions are new and not shown in redline here\*\*\*\***

### **- Net Energy for Load**

Net Balancing Authority Area generation, plus energy received from other Balancing Authority Areas, less energy delivered to Balancing Authority Areas through interchange. It includes Balancing Authority Area losses but excludes energy required for storage at energy storage facilities. Net Energy for Load equals

NERC/WECC Metered Demand for the CAISO Balancing Authority Area.

**- Net Generation**

Net power available from a Generating Facility to be fed into the power system at the high side of the Generating Facility transformer(s). Net generation is equal to gross generation minus the generator's internal power usage (station service).

**- RC Customer**

An entity for which the CAISO acts as the Reliability Coordinator pursuant to Section 19.

**- Reliability Coordinator Services Charge (RC Services Charge)**

The charges that the CAISO assesses to RC Customers for providing Reliability Coordinator services pursuant to Section X.X or 11.20.9, as calculated in accordance with Appendix F, Schedule 7.

**- RC Funding Requirement**

The revenue required to offset the costs that the CAISO will incur to provide RC Services.

**- RC Services**

The Reliability Coordinator services provided by the CAISO for an RC Customer, pursuant to Section 19 and the Reliability Coordinator Services Agreement.

**- RC Services Date**

The date on which the CAISO assumes the role of Reliability Coordinator for an RC Customer, pursuant to Section 19.2.

\*\*\*\*The provisions of Appendix F, Schedule 7 are new and not shown in redline here\*\*\*\*

**APPENDIX F**

**Schedule 7**

**Reliability Coordinator Services Charge**

The Reliability Coordinator Services Charge shall be based on the RC Funding Requirement. The RC Funding Requirement will consist of the annual costs associated with the CAISO's provision of Reliability Coordinator Services, including the annual costs associated with maintaining shared reliability coordinator



tools such as the Western Interchange Tool and the Enhanced Curtailment Calculator. The CAISO will determine the RC Funding Requirement based on the percentage of its overall revenue requirement attributable to the cost of providing Reliability Coordinator Services. This percentage will initially be determined by assessing the costs associated with providing Reliability Coordinator Services, using data from the CAISO's 2016 cost of service study modified to reflect the assessed RC Service costs, and based on the expected number of customers that will have committed to take Reliability Coordinator Services by the RC Service Dates provided in Section 19.2(b)(6). This percentage will be updated in conjunction with the triennial cost of service study conducted by the CAISO as described in Schedule 1, Part A of this Appendix F. The RC Funding Requirement will be calculated, on an annual basis, as the product of this percentage multiplied by the annual revenue requirement for the same year.

The percentage of the RC Funding Requirement for the initial RC Service Date provided in Section 19.2(b)(6) will be 2% for the July 1, 2019 targeted onboarding date, which will be assessed to applicable RC Customers, including Scheduling Coordinators that serve load in the CAISO Balancing Authority Area, in proportion to the Net Energy for Load or Net Generation for the period during which this rate is in effect. The percentage of the RC Funding Requirement for the initial RC Service Date provided in Section 19.2(b)(6) will be increased to 9% for the September 1, 2019 targeted onboarding date, which will thereafter be assessed to applicable RC Customers, including Scheduling Coordinators that serve load in the CAISO Balancing Authority Area, in proportion to the Net Energy for Load or Net Generation for the period during which this rate is in effect. The minimum annual RC Services Charge will also be prorated for applicable RC Customers during these periods.

The RC Funding Requirement will be developed utilizing the procedures associated with the development of the GMC revenue requirement, as set forth in Schedule 1, Part D of this Appendix F. Entities taking RC Services from the CAISO will have the opportunity to participate in that annual budget process.

The RC Funding Requirement will be treated as a component of the revenue in the CAISO Other Costs and Revenues category, for purposes of calculating the costs recovered through the GMC, as set forth in Schedule 1, Part C of this Appendix F.

The annual RC rate per MWh is calculated by taking the annual RC Funding Requirement less known minimum RC Service Charges for the applicable year divided by the sum of 1) the annual Net Energy for Load MWh for all Balancing Authorities with load and Transmission Operators and 2) the annual Net Generation MWh for all generators connected to generation-only Balancing Authorities and Transmission Operators that the CAISO anticipates will take RC Services for the applicable year. The rates for the RC Services Charge shall be adjusted each year, effective January 1.

The annual RC Service Charge for each RC Customer will be calculated as follows:

- For RC Customers that are, or are located in, generation-only Balancing Authorities, multiplying the annual Reliability Coordinator Services Charge rate by the total Net Generation in MWh as determined in accordance with Section 19.6. The RC Service Charge for such RC Customers that are Balancing Authorities shall be calculated by removing any total Net Generation associated with Transmission Operators within such Balancing Authorities that have elected to receive direct billing of RC Services from the CAISO.
- For RC Customers that are, or are located in, Balancing Authority Areas with load, multiplying the annual Reliability Coordinator Services Charge rate by the total Net Energy for Load in MWh as determined in accordance with Section 19.6 of the CAISO Tariff. The RC Service Charge for such RC Customers that are Balancing Authorities shall be calculated by removing any total Net Energy for Load associated with transmission operators within such Balancing Authorities that have elected to receive direct billing of RC Services from the CAISO.



- For RC Customers that are located in the CAISO's Balancing Authority Area and Scheduling Coordinators that serve load in the CAISO Balancing Authority Area, multiplying the annual Reliability Coordinator Services Charge rate by the RC Customer's share of the total NERC/WECC Metered Demand in MWh for the CAISO Balancing Authority Area determined in accordance with Section 11.20.9.
- There will be a minimum annual RC Services Charge of \$5,000. This charge will be applied to RC Customers that either have no Net Energy for Load or Net Generation for a particular period as set forth Section 19.6 of the CAISO Tariff, as well as RC Customers whose annual RC Services Charge, as calculated in accordance with this Schedule 7, would otherwise be less than \$5,000.
- For RC customers that take RC Services for less than a full year in either the initial or final year of participation, the annual RC Service Charge will be pro-rated according to the period that the RC Customer takes service during such year, rounded up to the nearest month.

Any excess or shortfall in RC Service Charges collected as compared to the RC Funding Requirement for a particular year will be credited or debited, as applicable, to the CAISO Operating Reserve Account.

**\*\*\*\*Sections 11.20.9 and 14.7 are existing provisions and proposed changes are shown in redline here\*\*\*\***

## 11.20.9 Reliability Coordinator Charges

### 11.20.9.1 Responsibility For Reliability Coordinator Charges

- ~~(a)~~ The CAISO shall invoice Scheduling Coordinators and RC Customers for their share of all of the charges that are invoiced by the CAISO as by the Reliability Coordinator.
- ~~(b)~~ Each Scheduling Coordinator, including Scheduling Coordinators that are also RC Customers, shall be obligated to pay the CAISO all of the RC Services Reliability Coordinator Charges it is invoiced by the CAISO in accordance with Section 11.20.9.
- ~~(b)~~ Each Scheduling Coordinator in the CAISO Balancing Authority Area's Scheduling Coordinator's responsibility for RC Services Reliability Coordinator Charges shall be allocated based on the Scheduling Coordinator's NERC/WECC Metered Demand. A Scheduling Coordinator without any NERC/WECC Metered Demand during an allocation period shall be assessed the minimum RC Services Charge set forth in Appendix F, Schedule 7.
- ~~(c)~~ The CAISO's calculation of collateral requirements and other credit requirements under the CAISO Tariff shall include an adjustment for the Scheduling Coordinator's allocable

share of the ~~RC Services Reliability Coordinator~~ Charges, if applicable, except that the Estimated Aggregated Liability calculated for the Scheduling Coordinator shall not include extrapolated amounts for the ~~RC Services Reliability Coordinator~~ Charges under Section 12.1.3.1.1(d).

#### 11.20.9.2 Calculation and Assessment

- (a) ~~The CAISO will provide Scheduling Coordinators with an RC Services Invoice by the first business day of each calendar year for RC Services to be provided during that calendar year, except for the initial year of RC Services which will be invoiced from the RC Services Date determined in accordance with Section 19.2(b)(6) until the end of that calendar year at the same time the CAISO invoices RC Customers for the year following that initial year. Within 5 Business Days after receiving the invoice for Reliability Coordinator Charges, the CAISO shall issue a market notice setting forth the Reliability Coordinator Charge rate for the assessment year, which shall be calculated using the total Reliability Coordinator Charges invoiced to the CAISO divided by the most recent total NERC/WECC Metered Demand determined under Section 11.20.4.~~
- (b) The CAISO shall calculate the ~~RC Services Reliability Coordinator~~ Charges allocable to each Scheduling Coordinator by using the ~~RC Services Reliability Coordinator~~ Charge rate for the assessment year determined under ~~Appendix F, Schedule 7~~ Section 11.20.9.2(a), multiplied by the most recent NERC/WECC Metered Demand for that Scheduling Coordinator determined under Section 11.20.4. A Scheduling Coordinator without any such NERC/WECC Metered Demand shall be assessed the minimum RC Services Charge set forth in Appendix F, Schedule 7.
- (c) ~~Within 10 Business Days after receiving the invoice for the Reliability Coordinator Charges, the CAISO shall issue an invoice to each Scheduling Coordinator for its allocable share of the Reliability Coordinator Charges determined under Section 11.20.9.2(b).~~
- (~~c~~) Scheduling Coordinators shall make timely payment to the CAISO within ~~215~~ Business Days of the date the invoices were issued pursuant to Section 11.20.9.2(~~b~~e).



**11.20.9.3 Confirmation**

- (a) It is the responsibility of each Scheduling Coordinator to notify the CAISO if the Scheduling Coordinator fails to receive its invoice for RC Services~~eliability Coordinator~~ Charges in accordance with the schedule in Section 11.20.9.2(~~ae~~).
- (b) Each Scheduling Coordinator shall be deemed to have received its invoice for RC Services~~eliability Coordinator~~ Charges on the date specified in Section 11.20.9.2(~~ae~~) unless the Scheduling Coordinator notifies the CAISO to the contrary.

**11.20.9.4 Validation**

- (a) Each Scheduling Coordinator shall have the opportunity to review the terms of the invoice for RC Services~~eliability Coordinator~~ Charges and shall be deemed to have validated that invoice unless it raises a dispute within five-21 Business Days of the date of issuance.
- (b) Once validated, an invoice for RC Services~~eliability Coordinator~~ Charges shall be binding on the Scheduling Coordinator to which it relates.

**11.20.9.5 Disputes and Corrections**

- ~~(a) Scheduling Coordinators shall be prohibited from disputing any RC Services~~eliability Coordinator~~ Charges, except on grounds that an error in the invoice is due to a mere typographical or other ministerial error by the CAISO.~~
- (b) Any dispute of an invoice on the grounds specified in Section 11.20.9.5(a) shall be submitted and processed in accordance with the dispute procedure for RC Services~~eliability Coordinator~~ Charges set forth in Section 19.7~~the Business Practice Manual~~,
- (c) If the CAISO determines that an invoice contains an typographical or other ministerial error, and the resolution of the dispute makes correction necessary, the CAISO will issue a corrected invoice within 215 Business Days of the date the initial invoice was issued.
- (d) Each Scheduling Coordinator that receives an invoice for RC Services~~eliability Coordinator~~ Charges shall pay any net debit and shall be entitled to receive any net credit specified on a corrected invoice. Payment of any net debit shall be due within 40-21 business days of the date the corrected invoice was issued.



**11.20.9.6 Payment Default**

- (a) In the event a Scheduling Coordinator defaults on the payment of all or any portion of the ~~RC Services~~~~Reliability Coordinator~~ Charges invoiced under Section 11.20.9.2(d) or 11.20.9.5(d), the CAISO shall have the right under Section 11.29.13.3 to enforce the financial security provided by the defaulting Scheduling Coordinator, and to take any such other action under Sections 11.29.12 or 11.29.13, as necessary, to obtain payment for the default amount.
- (b) To the extent all or any portion of the default amount remains unpaid, the CAISO
  - (1) may at its discretion issue an invoice for the unpaid ~~RC Services~~~~Reliability Coordinator~~ Charges; and
  - (2) if such invoice is issued for a payment default, shall allocate responsibility for the unpaid amount to Scheduling Coordinators with NERC/WECC Metered Demand, excluding the CAISO Debtor that has not paid the payment default amount, based on the most recent NERC/WECC Metered Demand for each Scheduling Coordinator determined under Section 11.20.
- (c) Scheduling Coordinators shall make timely payment to the CAISO within ~~214~~ Business Days of the date the default invoices were issued pursuant to Section 11.20.9.6(b).

**11.20.9.7 Modification to Schedule**

Notwithstanding the provisions in Section 11.20.9, the CAISO may issue a Market Notice informing Scheduling Coordinators that the CAISO will implement a temporary modification to the billing and payment schedule for ~~RC Services~~~~Reliability Coordinator~~ Charges and setting forth the reasons for such modification, in which case the modified schedule described in that Market Notice shall govern.

\* \* \* \* \*

**14.7 Allocation of Reliability-Related Penalty Costs**

**14.7.1 Overview of Process**

Under the NERC Functional Model and the NERC Rules of Procedure, Registered Entities for a specific function, including the CAISO, may be assessed monetary penalties by FERC, NERC, and/or WECC for violations of one (1) or more NERC Reliability Standards applicable to that function. This Section 14.7 sets forth the procedure through which the CAISO may seek, with FERC approval, to directly allocate, in whole or in part, the cost of any such penalties assessed upon the CAISO to an entity or entities whose conduct or omission(s) NERC, WECC and/or FERC has determined contributed, in whole or in part, to the violation that gave rise to the penalty. This Section 14.7 also sets forth procedures through which the CAISO may seek, with FERC approval, to recover, in whole or in part, from RC Customers and Market Participants the cost associated with a monetary penalty for a NERC Reliability Standards violation(s) that is not subject to direct allocation. Penalties that are assessed upon the CAISO and become final on or after the effective date of this Section 14.7 shall be subject to the procedures set forth herein regardless of the date of the underlying violation(s) for which the penalty is assessed.

#### **14.7.2 Direct Allocation of Reliability Standards Penalties**

##### **14.7.2.1 Conditions for Direct Allocation**

If FERC, NERC, and/or WECC assess(es) one (1) or more monetary penalties against the CAISO as the Registered Entity for the violation of one or more NERC Reliability Standards, and the conduct or omission(s) of a particular RC Customer, Market Participant, or RC Customers, or Market Participants contributed, in whole or in part, to the violation(s) at issue, then the CAISO may seek to directly allocate, in whole or in part, such penalty costs to the RC Customer(s) or Market Participant(s) whose conduct or omission(s) contributed to the violation(s), provided that each of the following conditions are met:

- (1) The RC Customer(s) or Market Participant(s) subject to potential direct allocation receive notice of, and an opportunity to fully participate in, the underlying CMEP proceeding before NERC and/or WECC, or the FERC proceeding in the case of an enforcement proceeding directly instituted by FERC without a prior NERC or WECC proceeding;
- (2) The CMEP proceeding, or enforcement proceeding directly instituted by FERC, results in a finding that the conduct or omission(s) of the RC Customer(s) or Market Participant(s) subject to potential direct allocation contributed, either in whole or in part, to the Reliability Standards violation(s) at issue; and

- (3) Any findings by NERC and/or WECC regarding whether the conduct or omission(s) of the RC Customer(s) or Market Participant(s) contributed, either in whole or in part, to the Reliability Standards violation(s) at issue are filed with FERC.

#### **14.7.2.2 Notice to Affected Market Participant**

The CAISO will notify the RC Customer(s) or Market Participant(s) it believes contributed to the Reliability Standards violation(s) during the CMEP proceeding or, if applicable, during the enforcement proceeding directly instituted by FERC. This notification shall be in writing and shall: (i) inform the Market Participant(s) that the CAISO intends to invoke the direct allocation provisions of this Section; (ii) detail the underlying factual basis for the CAISO's position; and (iii) inform the Market Participant(s) that it may seek to participate in the CMEP proceeding or, if applicable, the enforcement proceeding directly instituted by FERC.

#### **14.7.2.3 Failure to Participate**

A failure by the notified RC Customer(s) or Market Participant(s) to participate in the CMEP proceeding or, if applicable, in the enforcement proceeding directly instituted by FERC, will not prevent the CAISO from directly allocating the cost associated with a monetary penalty to the RC Customer(s) or Market Participant(s) provided all other conditions in Section 14.7.2 are satisfied.

#### **14.7.2.4 Proposed Allocation and FERC Review Process**

Where NERC and/or WECC, or FERC as may be applicable in an enforcement proceeding directly instituted by FERC, determines that the conduct or omission(s) of the RC Customer(s) or Market Participant(s) identified by the CAISO contributed, in whole or in part, to the NERC Reliability Standard(s) violation(s) at issue, the CAISO shall inform the involved RC Customer(s) or Market Participant(s) in writing and shall initially propose an allocation of the penalty cost on a basis proportional to the parties' relative fault, consistent with the applicable regulator's analysis. Regardless of whether the involved RC Customer(s) or Market Participant(s) agree or disagree over the allocation, the reasonability of such an allocation shall be determined by FERC through submission of the matter to FERC pursuant to Section 205 of the Federal Power Act.

**14.7.2.5 Payment of Allocated Amount**

After FERC issues a final order regarding the CAISO's ability to directly allocate the penalty cost, the CAISO shall include any FERC-approved allocated amounts in the invoice for the appropriate [RC Customer\(s\) or Market Participant\(s\)](#) for the next billing period, or as soon as practicable. The amount to be paid by the [RC Customer\(s\) or Market Participant\(s\)](#) shall include the allocated portion of the penalty, as established by FERC, together with interest calculated at the FERC authorized refund rate for the period of time, if any, between the CAISO's payment of the penalty and the [RC Customer\(s\) or Market Participant\(s\)](#) payment of its allocated portion of the penalty.

**14.7.3 Indirect Allocation of Penalty Costs****14.7.3.1 Procedure for Allocation**

Where the conduct or omission(s) of a particular [RC Customer or Market Participant](#) or [RC Customers or Market Participants](#) has not been identified by NERC, WECC, or FERC as a contributing cause for a monetary penalty assessed against the CAISO for a NERC Reliability Standards violation, the CAISO may make a filing with FERC under Section 205 of the Federal Power Act seeking approval to recover the cost of such reliability-related penalties from all [RC Customers or Market Participants](#). The CAISO's Section 205 filing may include a proposed methodology for allocating the penalty across the various types of [RC Customers or Market Participants](#).

**14.7.3.2 Case-By-Case FERC Review**

Any allocation of penalties pursuant to Section 14.7.3 must be determined by FERC on a case-by-case basis. Absent FERC approval, the CAISO will not allocate a penalty under Section 14.7.3 to [RC Customers or Market Participants](#).

**14.7.3.3 Payment of Allocated Amount**

After FERC issues a final order regarding allocation of the monetary penalty, the CAISO shall include any FERC-approved allocated amounts in the invoices for the appropriate [RC Customers or Market Participants](#) for the next billing period, or as soon as practicable.