June 9, 2017

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operator Corporation
Docket No. ER17-_____-000

Tariff Amendment to Modify Definition of *Pre-RA Import Commitment*

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO) submits this tariff amendment to clarify use of the defined term "Pre-RA Import Commitment."[1] This clarification honors Congress' commitment regarding the basic allocation of rights to the output of the Boulder Canyon Project[2] power plant that has been in place, in some cases, since the 1930s, irrespective of the term of the contracts the entitled parties entered into to implement such rights. This clarification ensures there is no ambiguity in the CAISO tariff that the utilities that historically have held, and will continue to hold, congressionally authorized rights to Hoover Dam's generation output will not have such output disqualified as resource adequacy capacity solely because of a lack of import capability.

The CAISO respectfully requests that the Commission waive the sixty-day notice requirements and accept the proposed tariff revisions effective July 10, 2017, and issue an order by that date. This will enable the CAISO and the affected parties to proceed with allocating the import capability for the 2018 resource adequacy compliance year without uncertainty.

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[1] The CAISO submits this filing under Section 205 of the Federal Power Act, 16 USC § 824d, Part 35 of the Commission's Regulations, 18 C.F.R. § 35, *et seq.,* and rules 207 and 602 of the Commission's Rules of Practice and Procedure, 18 CFR §§ 385.207 and 385.602. The capitalized terms not otherwise defined have the meanings in the CAISO tariff, and references to specific sections, articles, and appendices are references to sections, articles, and appendices in the current CAISO tariff and revised or proposed in this filing, unless otherwise indicated.

[2] Boulder Canyon Project was subsequently named Hoover Dam.

I. BACKGROUND

A. Background on the Resource Adequacy Program

1. Explanation of the Resource Adequacy Program

The resource adequacy program reflected in Section 40 of the CAISO tariff establishes procurement requirements for load-serving entities to ensure that there is sufficient capacity to meet the CAISO's operational needs and maintain reliability of the CAISO controlled grid. The CAISO administers the resource adequacy program jointly with local regulatory authorities, including the California Public Utilities Commission (CPUC). The resource adequacy program requires that load-serving entities procure resource capacity to meet their forecasted load, plus a reserve margin, local area capacity needs, and flexible resource adequacy requirements. Load-serving entities must provide the CAISO with annual and monthly plans demonstrating the necessary procurement.

2. The Maximum Import Capability Process

One aspect of the resource adequacy program involves establishing the maximum import capability (MIC) for each intertie and allocating that MIC to load-serving entities. Many load-serving entities meet part of their resource adequacy requirements from imports. Tariff section 40.4.6.2.1 specifies the 13-step MIC process the CAISO employs to ensure that imported capacity can be delivered, occasionally over scarce intertie capacity, into the CAISO balancing authority area. A load-serving entity cannot claim resource adequacy capacity from an import unless the CAISO has allocated MIC to that load-serving entity at the intertie where the imported energy enters the CAISO balancing authority area.

3. Relevance of Pre-RA Import Commitments in Allocating Import Capability

When California transitioned to the resource adequacy program in 2006, the CAISO, the CPUC, and the other relevant parties confronted challenges regarding how to treat existing commercial arrangements. Load-serving entities with existing commitments for energy or capacity from external resources argued that such commitments would lose value if that existing capacity could not meet the resource adequacy capacity criteria because the load-serving entity had not been allocated corresponding MIC.

The CAISO's response to this issue was to grant preferred treatment under the MIC process for Pre-RA Import Commitments. A load-serving entity that holds a Pre-RA Import Commitment is virtually guaranteed MIC to cover the capacity under a pre-existing supply arrangement. The Commission initially

approved this approach for the CAISO's pre-2009 zonal market[3] and then separately approved a slightly revised approach for the CAISO's existing market design.[4] The tariff currently defines Pre-RA Import Commitment as:

> Any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the CAISO Balancing Authority Area for the procurement of Energy or capacity from a resource or resources located outside the CAISO Balancing Authority Area. The Pre-RA Import Commitment shall be deemed to terminate upon the expiration of the initial term of the Pre-RA Import Commitment, notwithstanding any "evergreen" or other renewal provision exercisable at the option of the Load Serving Entity.

In filing the current MIC provisions, consistent with the Commission's direction that the "CAISO file an import capability assignment process that . . . would permit both CPUC and non-CPUC jurisdictional LSEs to receive import capability for existing resources agreements as of March 10, 2006 [and] confirmed the equity of granting existing resource agreements an assignment priority . . . ",[5] the CAISO included provisions to recognize existing rights in its proposed tariff revisions.

In transitioning from the pre-2009 to the current resource adequacy paradigm, some stakeholders "advocated for the termination of the assignment priority accorded to Pre-RA Commitments and, instead urged reliance exclusively on load share to assign import capability."[6] The CAISO rejected these requests largely based on equity grounds. The CAISO explained:

> …many LSEs entered into long-term commitments well prior to the advent of California's resource adequacy program as a means of serving their customers. This practice is consistent with the objective and structure of California's resource adequacy program. In total, there are eight LSEs with Pre-RA Import Commitments that exceed their Load Share Quantity. The total excess is 890 MW, which represents approximately 240% of their aggregate Load Share Quantity, and approximately 9% of Available Import Capability. Given these numbers, and the relative potential affect [sic] on parties of eliminating the priority for Pre-RA Import Commitments, the

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3 *Cal. Indep. Sys. Operator Corp.*, 115 FERC ¶ 61,172, P 96 (2006).

4 *Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,164 (2007).

5 *Cal. Indep. Sys. Operator Corp.*, Transmittal Letter, at 7, FERC Docket No. ER07-648 (Mar. 22, 2007).

6 *Id.* at 10.

CAISO has simply elected not to alter the balance previously deemed acceptable by the Commission.[7]

B. Hoover Dam Power Plant History

1. Hoover Construction – First Contracts, 1937-1987

The Boulder Canyon Project Act of 1928 authorized construction of the Hoover Dam.[8] Under section 4(b) of the Boulder Canyon Project Act, the Secretary of Interior could not appropriate funds to construct the dam or its power plant before the Federal government had executed contracts ensuring that the construction costs would be recouped within 50 years.[9] Per this requirement, Hoover Dam's power output initially was sold under fifty-year contracts running from 1937 to 1987.

The initial rights holders were The Metropolitan Water District of Southern California, the California cities of Los Angeles, Glendale, Pasadena and Burbank, Southern California Edison Company, the Arizona Power Authority, the Colorado River Commission of Nevada and the City of Boulder, Nevada (collectively known as Schedule A contractors). Congress considers the Schedule A contractors partners with the Federal government in the Hoover Dam's construction.[10]

Section 6 of the Boulder Canyon Project Act provided that the dam and power plant would be owned by the Federal government but that the Secretary of Interior could "enter into contracts of lease of a unit or units of any Government-built plant, with right to generate electrical energy . . . ." During that initial fifty-year period, the Los Angeles Department of Water and Power and Southern California Edison Company jointly operated the generation facilities.

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7 *Id.* at 11.

8 Boulder Canyon Project Act, Pub. L. No. 70-642, 45 Stat. 1057 (1928).

9 "Before any money is appropriated for the construction of said dam or power plant, or any construction work done or contracted for, the Secretary of the Interior shall make provision for revenues by contract, in accordance with the provisions of this Act, adequate in his judgment to insure payment of all expenses of operation and maintenance of said works incurred by the United States and the repayment, within fifty years from the date of the completion of said works, of all amounts advanced to the fund under subdivision (b) of section 2 for such works, together with interest thereon made reimbursable under this Act."

10 H.R. REP. NO. 112-159, at 1 (2011), as reprinted in 2011 U.S.C.C.A.N. 594, 594.

2. Hoover Power Plan Act of 1984 – Second Contracts, 1987-2017

In 1984, Congress passed the Hoover Power Plant Act of 1984, which addressed post-1987 allocations for the Hoover Dam.[11] The legislation "extend[ed] those original contracts, authorize[ed] advance funding for upgrades to the Hoover power turbines and allocate[ed] the power produced as a result of those upgrades to entities that funded the improvements."[12] The parties involved in funding the upgrades, known as the Schedule B contractors, include the cities of Glendale, Pasadena, Burbank, Anaheim, Azusa, Banning, Colton, Riverside and Vernon, and the States of Arizona and Nevada. The 1984 legislation authorized 30-year contracts for both Schedule A and Schedule B contractors.[13] At the same time the legislation took effect, the Bureau of Reclamation took over operational control of the Hoover Dam power plant. Notably, Congress considered and rejected a proposal to sell the Hoover Dam's output at market rates without regard to the prior allocation.[14] Instead, Congress respected the historical supply arrangements that the Schedule A contractors came to rely upon.

3. Hoover Power Allocation Act of 2011 – Third Contracts, 2017-2067

Anticipating expiration of the 30-year contracts in 2017, Congress passed the Hoover Power Allocation Act of 2011.[15] As with the 1984 legislation, Congress again honored the basic Schedule A rights allocation that had been in place since the 1930s. Similarly, Congress extended the term of the Schedule B contractors. The 2011 legislation authorizes contracts with new terms of 50 years, running from October 1, 2017, through September 30, 2067.

4. Treatment of the Hoover Dam's Output Under the Tariff

Load-serving entities' Hoover Dam entitlements resulting from the 1984 legislation have qualified for treatment under the Pre-RA Import Commitment process. Given the impending termination of the second set of contracts, load-serving entities have inquired about how the CAISO will treat the Hoover Dam

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11 Hoover Power Plant Act of 1984, Pub. L. No. 98-381, 98 Stat. 1333 (1984).

12 H.R. REP. NO. 112-159, at 2 (2011), as reprinted in 2011 U.S.C.C.A.N. 594, 595.

13 Note, a Schedule A contractor with 20 MW or less was eligible to obtain more output from the power plant and become a Schedule B contractor.

14 Clinton Vince & Nancy Wodka, *Recent Legal Developments and Legislative Trends in Federal Preference Power Marketing*, 7 ENERGY L.J. 1, 20 (1986); Martin Tolchin, *House, After Stiff Debate, Backs Cheap Power for 3 Western States*, N.Y. TIMES, May 4, 1984, at A19.

15 Hoover Power Allocation Act of 2011, Pub. L. No. 112-72, 125 Stat. 777 (2011).

entitlements resulting from the 2011 legislation in the MIC process. As discussed below, these inquires have caused the CAISO to review the MIC tariff provisions and submit the instant tariff clarification.

III. PROPOSED TARIFF AMENDMENT

The CAISO proposes to amend its tariff to clarify the definition of Pre-RA Import Commitment so there is no ambiguity regarding the Schedule A and Schedule B parties' rights to Pre-RA Import Commitment status. When the CAISO first learned of the contracts associated with the Hoover Power Allocation Act of 2011 and the implications those contracts posed for the legacy status of the Hoover Dam allocations under the MIC process, it informed the Hoover Dam rights holders that it viewed the legislation as a mandate that the Schedule A and Schedule B parties would continue to have access to the Hoover Dam's output through 2067. The CAISO also informed the parties that it expected that the capacity from the Hoover Dam would retain its Pre-RA Import Commitment status under the CAISO tariff. Upon closer examination of the CAISO tariff, the CAISO detected a possible ambiguity because the current tariff ties the Pre-RA Import Commitment rights to the initial term of the contract. To ensure that the Schedule A and Schedule B parties retain Pre-RA Commitment rights for their congressionally allocated Hoover quantities, the CAISO concluded that it should clarify its tariff.

The current definition of Pre-RA Import Commitment states that the duration of the legacy treatment will "terminate upon the expiration of the *initial term* of the Pre-RA Import Commitment . . . ." (emphasis added). The 2011 statute did not extend the term of the 1984 contracts. Rather, it affirmed the ownership-like entitlements the Schedule A and Schedule B parties have to the Hoover Dam's output, which rights permitted the parties to enter into new contracts that would begin immediately upon expiration of prior contracts. In this sense, the Schedule A and Schedule B parties' entitlements are similar to ownership interests in the Hoover Dam's capacity and energy, which have never expired, but have been subject to periodic re-allocation by Congress. Therefore, the term of the contracts is immaterial to the parties' entitlements to the Hoover Dam capacity and energy, which Congress mandates and has since the 1930s. The Hoover Dam contracts merely reflect Congress' implementation of its allocation of the Hoover Dam's capacity and energy to the Schedule A and Schedule B parties.

Under the current tariff language, however, termination of the Pre-RA Import Commitment is based on termination of the initial term of contractual arrangements. Arguably, the 1984 contracts will lapse and potentially could call into question whether the output from the Hoover Dam will continue to meet the existing tariff definition of Pre-RA Import Commitment after October 1, 2017. However, it is clear that Congress' repeated acts to allocate the Hoover Dam

rights to Schedule A and Schedule B parties means that it did not intend for the ownership rights to end with the contracts.

To eliminate any uncertainty regarding the resource adequacy status of the Hoover Dam capacity, as the Schedule A and Schedule B contractors enter into new 50-year contracts to effectuate Congress' most recent authorizations, the CAISO proposes to clarify the definition of Pre-RA Import Commitment in its tariff. This amendment will ensure that the capacity from the Hoover Dam that the Schedule A and Schedule B contractors receive will continue to qualify as Pre-RA Import Commitments. Specifically, the CAISO proposes to clarify the definition of Pre-RA Import Commitment as follows:

> Any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the CAISO Balancing Authority Area for the procurement of Energy or capacity from a resource or resources located outside the CAISO Balancing Authority Area. The Pre-RA Import Commitment shall be deemed to terminate upon the expiration of the initial term of the Pre-RA Import Commitment, notwithstanding any "evergreen" or other renewal provision exercisable at the option of the Load Serving Entity. Notwithstanding the above, a contract for delivery entered under Schedule A or B of 43 USC § 619a is a Pre-RA Import Commitment, the term of which does not expire with the expiration of any contractual arrangements entered into to implement such entitlements.

This tariff amendment clarifies that the term of the Pre-RA Import Commitment entered into under Schedule A or Schedule B of 43 USC § 619a does not terminate with the expiration of any contractual arrangements entered into to effectuate those entitlements. This reflects Congress' intent that Schedule A and Schedule B parties will continue to have access to the Hoover Dam's output. The CAISO never intended to take actions that might be inconsistent with Congressional authorizations. In that regard, when the CAISO drafted the Pre-RA Commitment tariff provisions, the definition focused on bilateral commercial arrangements. Here, the underlying basis for the Pre-RA Commitment is an act of Congress that long pre-dated the CAISO.

As indicated above, the Schedule A and Schedule B contractors directly funded the initial construction of the Hoover Dam and power plant in the 1930s, along with the repowering project in the 1980s. The load-serving entities that would receive the benefit of this tariff clarification can draw a direct link between their funding the Hoover Dam facilities, the existence of the resource, and the source of their entitlements. Further, the governing Congressional committee itself recognized those entities as partners with the Federal government.

Indeed, two of the load-serving entities directly operated the resource for the first 50 years. Congress' intent that the parties would have longstanding rights to the Hoover Dam's output was further confirmed with the 1984 and 2011 amendments extending both the Schedule A and Schedule B parties' rights.

Regardless of whether there is one contract that Congress retroactively extended through 2067 or multiple contracts that run back-to-back through 2067, the Schedule A and Schedule B contractors have held, and continue to hold, a continuous firm commitment from the Federal government to receive energy or capacity from a resource external to the CAISO balancing authority area, and that commitment pre-dates the RA program. The CAISO's proposed tariff amendment represents a targeted and appropriate clarification to address a unique situation.

To the CAISO's knowledge, no other resources are listed as capacity on resource adequacy plans that are similar to the Hoover Dam. To the extent the CAISO learns of other such similar resources (*i.e.*, constructed contingent on a statutory directive to recover costs of construction or repowering from long-term contracts combined with clear legislative intent to continue those arrangements long-term), the CAISO will explore future tariff amendments to provide comparable treatment for the load-serving entities receiving capacity from such resources.

III. EFFECTIVE DATE AND REQUEST FOR WAIVER

The CAISO respectfully requests that the Commission waive its 60-day notice requirement to permit this revision to become effective July 10, 2017, and requests an order by July 7, 2017. Under section 35.11 of the Commission's regulations,[16] the CAISO requests waiver of the notice requirement in section 35.3(a)(1)[17] to permit this effective date.

Good cause exists for the Commission to grant this waiver. Pre-RA Import Commitments are addressed in step 4 of the MIC process delineated in section 40.4.6.2.1 of the CAISO tariff. This involves internal CAISO calculations. Step 5 also involves internal CAISO calculations. Step 6, however, requires the CAISO to post assigned and unassigned import capability on its website "in accordance with the schedule set forth in the Business Practice Manual . . . ." Exhibit A-3 of the Business Practice Manual for Reliability Requirements establishes the deadline as the "9th of July or next business day if 9th falls on a

[16] 18 C.F.R. § 35.11.

[17] 18 C.F.R. § 35.3(a)(1).

weekend."[18] In 2017, July 9 is a Sunday, so the posting deadline is July 10. An order by July 7 would provide the CAISO and market participants certainty about the basis on which the CAISO will calculate and post the assigned and unassigned import capability. Accordingly, the Commission should find that good cause exists to permit the requested effective date of July 10, 2017.

IV. COMMUNICATIONS

Pursuant to Rule 203(b)(3) of the Commission's Rules of Practice and Procedure,[19] the CAISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon:

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VI. SERVICE

The CAISO has served copies of this filing on the California Public Utilities Commission, the California Energy Commission, and all parties with Scheduling Coordinator Agreements under the CAISO tariff. In addition, the CAISO has posted a copy of the filing on the CAISO website.

VII. CONTENTS OF FILING

Besides this transmittal letter, this filing includes these attachments:

- Attachment A – Clean CAISO tariff sheets incorporating this tariff amendment; and
- Attachment B – Red-lined document showing the revisions in this tariff amendment

[18] The Business Practice Manual for Reliability Requirements can be found on the CAISO website at: https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Reliability%20Requirements.

[19] 18 C.F.R. § 385.203(b)(3)

- Attachment C – Explanation of Tariff Amendment

VII. CONCLUSION

In this filing, the CAISO respectfully requests that the Commission accept the tariff changes in this filing effective July 10, 2017.

Respectfully submitted,

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Attachment A – Clean Tariff Records

Modification to the Tariff Definition of "Pre-RA Import Commitment"

California Independent System Operator Corporation

- Pre-RA Import Commitment

Any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the CAISO Balancing Authority Area for the procurement of Energy or capacity from a resource or resources located outside the CAISO Balancing Authority Area. The Pre-RA Import Commitment shall be deemed to terminate upon the expiration of the initial term of the Pre-RA Import Commitment, notwithstanding any "evergreen" or other renewal provision exercisable at the option of the Load Serving Entity. Notwithstanding the above, a contract for delivery entered under Schedule A or B of 43 USC § 619a is a Pre-RA Import Commitment, the term of which does not expire with the expiration of any contractual arrangements entered into to implement such entitlements.

Attachment B – Marked Tariff Records

Modification to the Tariff Definition of "Pre-RA Import Commitment"

California Independent System Operator Corporation

- Pre-RA Import Commitment

Any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the CAISO Balancing Authority Area for the procurement of Energy or capacity from a resource or resources located outside the CAISO Balancing Authority Area. The Pre-RA Import Commitment shall be deemed to terminate upon the expiration of the initial term of the Pre-RA Import Commitment, notwithstanding any "evergreen" or other renewal provision exercisable at the option of the Load Serving Entity. Notwithstanding the above, a contract for delivery entered under Schedule A or B of 43 USC § 619a is a Pre-RA Import Commitment, the term of which does not expire with the expiration of any contractual arrangements entered into to implement such entitlements.

Attachment C – Explanation of Tariff Amendment

Modification to the Tariff Definition of "Pre-RA Import Commitment"

California Independent System Operator Corporation

Tariff Amendment to Clarify Definition of "Pre-RA Import Commitment"

May 26, 2017

Legal and Regulatory

Table of Contents

1. Executive Summary

The California Independent System Operator Corporation (CAISO) proposes to clarify the definition of the term "Pre-RA Import Commitment" in the CAISO Tariff. This clarification is necessary to recognize Congressional intent to honor the basic allocation of Boulder Canyon Project known as Hoover Dam (Hoover) hydroelectric power output that was allocated by federal statute for decades. The so-called Schedule A and Schedule B contractors to Hoover output meet the policy intent behind honoring Pre-RA Import Commitments in the 13-step Maximum Import Capability allocation process used in the resource adequacy process. This tariff clarification will remove any ambiguity that any congressionally authorized contracts for Hoover for the legacy contractors will continue to qualify as Pre-RA Import Commitments.

2. Plan for Stakeholder Engagement

Table 1 – Schedule for this Stakeholder Initiative

Date	Milestone
May 26, 2017	Issue market notice announcing this tariff clarification
May 26, 2017	Post explanation of clarification and tariff
June 2, 2017	Hold stakeholder call
June 5, 2017	FERC filing
July 10, 2017	Requested effective date from FERC

3. Background on Hoover Dam and Related Contracting Issues

The legislation authorizing construction of the Boulder Canyon Project included the dam and power plant made construction contingent on the Federal government executing contracts that ensured the construction costs would be recouped within 50 years. The Department of Interior did that by entering into 50-year contracts with The Metropolitan Water District of Southern California, cities of Los Angeles, Glendale, Pasadena and Burbank, Southern California Edison Company, the Arizona Power Authority, the Colorado River Commission of Nevada and the City of Boulder, Nevada (collectively, the Schedule A contractors). These contracts ran from 1937 to 1987.

As these contracts were expiring, Congress passed new legislation in 1984 that extended the rights of the Schedule A contractors for an additional 30 years and authorized funding for upgrades to the generation facilities. Payment for those upgrades were recouped over that new 30-year period, with the additional capacity created by those upgrades allocated to the parties funding them. These parties, known as the Schedule B contractors, include the cities of Glendale, Pasadena, Burbank, Anaheim, Azusa, Banning, Colton, Riverside and Vernon, and the States of Arizona and Nevada.[1] These contracts expire in September 2017.

In 2011, Congress passed legislation to address Hoover power allocations after 2017. This legislation extended the existing rights of the Schedule A and Schedule B contractors for an additional 50-year term (2017-2067), with five percent of the facility's output set aside for Native

[1] The Cities of Glendale, Pasadena, and Burbank were eligible for Schedule B allocation because their Schedule A allocation was less than 20 MW.

American tribes and other small public entities in California, Nevada, and Arizona that did not previously have an allocation of Hoover's generation output.

4. Background on Pre-RA Import Commitments in the 13-step Maximum Import Capability Process

When the CAISO resource adequacy program began, the CAISO and stakeholders had to consider how to account for load-serving entities' existing commitments from generating resources outside the CAISO balancing authority area. It was necessary to strike a balance between recognizing the reality of sometimes scarce intertie capacity, while at the same time respecting existing commercial expectations and joint projects that were built out-of-state. The resolution involved granting Pre-RA Commitments preferred status in the maximum import capability process. The CAISO defined the term Pre-RA Import Commitment to be:

> Any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the CAISO Balancing Authority Area for the procurement of Energy or capacity from a resource or resources located outside the CAISO Balancing Authority Area. The Pre-RA Import Commitment shall be deemed to terminate upon the expiration of the initial term of the Pre-RA Import Commitment, notwithstanding any "evergreen" or other renewal provision exercisable at the option of the Load Serving Entity.

5. Pre-RA Import Commitment Status of post-2017 Hoover Capacity

Given the unique historical and legal circumstances surrounding the output from Hoover, the CAISO views the Schedule A and Schedule B contractors as holding a firm commitment from the Federal government to receive capacity from a resource external to the CAISO balancing authority area and that the commitment pre-dates the CAISO resource adequacy program. The CAISO understands that, as a legal formality, upon Congressional action to implement the firm commitment, parties enter contractual arrangements to effectuate the entitlement to Hoover's output that start immediately upon expiration of the old contracts. Therefore, the term of the contractual arrangements is not representative of the term over which the parties hold such entitlements to Hoover's output.

The current tariff definition specifies that the Pre-RA Import Commitment expires with the expiration of the initial term of the Pre-RA Import Commitment, which is presumably reflected in the *purchase power agreement* entered into by the parties. It does not specify conditions related to the term of ownership interest. In the case of the Schedule A and Schedule B contractors, the term of the rights to the output of the facility stem from the Congressional act, which are more akin to an ownership interest and not a *purchase power agreement*.

Accordingly, the CAISO proposes to clarify the current definition of the term Pre-RA Import Commitment in time for the 2018 annual maximum import capability process, run in July 2017, to ensure that the Schedule A and Schedule B contractors' rights at Hoover will continue to be honored as Pre-RA Import Commitments.

The CAISO proposes the following amendment to the existing definition:

> Any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the CAISO Balancing Authority Area for the procurement of Energy or capacity from a resource or resources located outside the CAISO Balancing Authority Area. The Pre-RA Import Commitment shall be deemed to terminate upon the expiration of the initial term of the Pre-RA Import Commitment, notwithstanding any "evergreen" or other renewal provision exercisable at the option of the Load Serving Entity. Notwithstanding the above, a contract for delivery entered under Schedule A or B of 43 USC § 619a is a Pre-RA Import Commitment, the term of which does not expire with the expiration of any contractual arrangements entered into to implement such entitlements.

6. Next Steps

The CAISO will discuss the proposed tariff definition change with stakeholders during a stakeholder call on June 2, 2017. Given the shortness in time, stakeholders are encouraged to participate in the call. Written comments can also be submitted to initiativecomments@caiso.com by June 2, 2017.