

ATTACHMENT 1
NOTICE OF COMPLAINT

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Powerex Corp.

v.

Docket No. EL14-____-000

California Independent System Operator Corporation

NOTICE OF COMPLAINT

(May 30, 2014)

Take notice that on May 30, 2014, pursuant to section 206 of the Rules and Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 CFR § 385.206 (2013), Powerex Corp. (Powerex) filed a formal complaint against California Independent System Operator Corporation (CAISO) requesting that the Commission issue an order finding that CAISO should not have imposed Imbalance Energy charges related to a power disruption on August 18, 2013 caused by the Spring Peak fire and to direct CAISO to treat other Uncontrollable Forces going forward as events that do not trigger the imposition of Imbalance Energy charges, as appropriate, and direct it to make any Tariff changes required to clarify this treatment.

The Complainant states that copies of the complaint were served on representatives of the Respondent.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR §§ 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. The Respondent's answer and all interventions, or protests must be filed on or before the comment date. The Respondent's answer, motions to intervene, and protests must be served on the Complainants.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington,

DC. There is an “eSubscription” link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: 5:00 pm Eastern Time on ____, 2014.

Kimberly D. Bose,
Secretary



Texas
New York
Washington, DC
Connecticut
Seattle
Dubai
London

Deanna E. King
Partner

512.494.3612 Office
800.404.3970 Fax

deanna.king@bgllp.com

Bracewell & Giuliani LLP
111 Congress Avenue
Suite 2300
Austin, Texas
78701-4061

May 30, 2014

via Electronic Filing

Ms. Kimberly D. Bose
Secretary of the Commission
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *Powerex Corp. v. California Independent System Operator Corporation, Docket No. EL14-___-000*

Ms. Bose:

Please find enclosed the Complaint of Powerex Corp. against the California Independent System Operator Corporation and supporting exhibits A through L. Two versions of Exhibit H are included—a public version and a non-public version containing information that has been designated as commercially sensitive. See *Availability of E-Tag Information to Commission Staff*, 141 FERC ¶ 61,235 at PP 58-59 (2012), *order on reh'g and clarification*, 142 FERC ¶ 61,181 (2013).

A Notice of Complaint suitable for publication is included as Attachment 1 to the Complaint, and is also being filed in Microsoft Word format.

Please do not hesitate to contact me regarding this filing.

Very truly yours,

Bracewell & Giuliani LLP

/s/ Deanna E. King
Deanna E. King

Attorney for Powerex Corp.

Enclosures

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Powerex Corp.

v.

California Independent System
Operator Corporation

Docket No. EL14-____-000

COMPLAINT OF POWEREX CORP.

Pursuant to Sections 206 and 309 of the Federal Power Act ("FPA"),¹ Rule 206 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"),² and Section 35 of the Tariff of the California Independent System Operator Corp. ("CAISO")³ Powerex Corp. ("Powerex") hereby files this complaint ("Complaint") against CAISO.⁴ This Complaint seeks relief, *inter alia*, for CAISO's (1) failure to determine that an Uncontrollable Force was responsible for a reduction in power flows on the Pacific DC Intertie during the hours ending 17 and 18⁵ on August 18, 2013 caused by the Spring Peak Fire and (2) CAISO's subsequent assessment of \$937,927.33 in Imbalance Energy charges against Powerex for electric energy that it

¹ 16 U.S.C. §§ 824e, 825h (2012).

² 18 C.F.R. § 385.206 (2013).

³ Cal. Indep. Sys. Operator Corp., Fifth Replacement FERC Electric Tariff ("CAISO Tariff") (current as of May 1, 2014).

⁴ Powerex's Complaint is supported by Exhibit A, Declaration of Jeffrey Harms on Behalf of Powerex Corp. ("Harms Declaration"), and other supporting documents, as listed in Part IX, *infra*.

⁵ Between 4:00 p.m. and 6:00 p.m. Pacific Daylight Time ("PDT").

had sold to CAISO and properly scheduled, but which CAISO curtailed as a result of the transmission line derate on that day.

Powerex seeks both recovery of the charges CAISO improperly imposed, and an order directing CAISO to resume the stakeholder process it committed to the Commission it would undertake to address any tariff inconsistencies or lack of clarity regarding its treatment of such events. The relief Powerex requests is necessary (1) to ensure that CAISO hold Powerex harmless for excessive, unjust, unreasonable, and discriminatory Imbalance Energy charges levied against Powerex and (2) to provide much-needed certainty to CAISO intertie suppliers that they will not be subject to such charges or other discriminatory treatment when compared to in-state suppliers under similar circumstances, if they continue to sell day-ahead power to the CAISO during the state's concurrent summer peak and summer wildfire season.

I. INTRODUCTION

The Spring Peak wildfire occurred in August of 2013. The fire was determined to have been triggered primarily by lightning, and it ultimately affected an area of over 14,000 acres.⁶ The fire area was located approximately 24 miles southwest of Hawthorne, Nevada, and 12 miles northeast of Mono Lake, California.⁷

The Spring Peak Fire affected CAISO's power markets on two days: August 18 and August 19, 2013. As later reported by the CAISO's Department of Market Monitoring ("DMM") in its Q3 2013 Report on Market Issues and Performance, "[t]he

⁶ See National Wildfire Coordinating Group ("NWCG"), *Spring Peak Fire Incident Information*, <http://inciweb.nwcg.gov/incident/3668/> (included with this Complaint as Exhibit B); NWCG, *Spring Peak News Release* (Aug. 19, 2013), <http://inciweb.nwcg.gov/incident/article/3668/20479/> (included with this Complaint as Exhibit C).

⁷ See Exh. B, NWCG, *Spring Peak Fire Incident Information*.

Spring Peak Fire impacted the grid on August 18 and 19 and caused outages on some transmission lines, with a significant impact to the Pacific DC Intertie (Path 65). This occurred in conjunction with high loads and resulted in sustained periods of real-time price spikes on these two days.”⁸

Due to the outage, all energy schedules on the Pacific DC Intertie—including Powerex’s prescheduled day-ahead sales to CAISO at NOB,⁹ for which Powerex was paid an average price of \$46.25 per MWh—were required to be cut. CAISO later assessed Imbalance Energy charges on Powerex, averaging more than \$800 per MWh, for the energy that was not delivered at NOB in those two hours.

Powerex disputed CAISO’s assessment of these charges, asserting that the circumstances constituted an Uncontrollable Force, and that Powerex should therefore be held harmless for charges for any necessary replacement power. CAISO denied the dispute.

CAISO’s charges to Powerex have the effect of making Powerex liable for the replacement cost of day-ahead power that was not delivered, regardless of the circumstances. This approach stands in stark contrast to the way in which events of *force majeure* are treated in bilateral energy transactions in Western wholesale markets outside of CAISO. And even more importantly, it is entirely at odds with CAISO’s

⁸ Cal. Ind. Sys. Operator Corp., DMM, *Q3 Report on Market Issues and Performance* at 7 (Nov. 14, 2013) (“DMM Q3 Report”), available at http://www.caiso.com/Documents/2013ThirdQuarterReport-MarketIssues_Performance-Nov2013.pdf (included with this Complaint as Exhibit D); see also *id.* at 51-52.

⁹ The Nevada-Oregon Border (“NOB”) is a notional location in the middle of the Pacific DC Intertie (also known as Path 65). The Pacific DC Intertie is a high-voltage DC transmission line with terminals at the Celilo Converter Station near The Dalles, Oregon, and at the Sylmar Converter Station in Los Angeles, California. There is neither load nor generation at NOB itself, and an outage of the Pacific DC Intertie, such as occurred on August 18, 2013, necessarily prevents the delivery or receipt of energy at NOB.

treatment of internal generation suppliers' replacement costs under similar conditions in 2011.

More specifically, under typical bilateral energy transactions throughout the Western Interconnect (outside of the CAISO), a seller is liable for a buyer's replacement costs only if the failure of delivery was *not* caused by an Uncontrollable Force and it can be demonstrated that the seller's actions (or inactions) caused the non-performance.¹⁰ And in response to a system disruption in 2011, CAISO adopted a position similar to that in the rest of the West, and argued that it would be unjust to hold in-state suppliers liable for certain charges related to non-deliveries resulting from circumstances outside their control; the Commission agreed in a 2012 order.

Powerex's Complaint goes beyond merely escalating a billing dispute. California is once again contending with a predicted severe wildfire season as it enters into its summer peak. It is undisputed that Powerex's deliveries to CAISO at NOB during the wildfire of August 18, 2013 were interrupted as a result of the Pacific DC Intertie derate, and that no action or inaction by Powerex caused its deliveries at NOB to be curtailed. In fact, CAISO curtailed the e-Tags associated with the energy deliveries because CAISO's transmission facilities were taken out of service, which fully foreclosed any ability to deliver energy at the agreed-upon location.¹¹ As explained herein, CAISO's insistence that Powerex pay high replacement power costs under such circumstances is unjust, unreasonable, discriminatory, and inequitable.

¹⁰ Similarly, a buyer that fails to perform under a bilateral contract in the WECC typically is liable if the seller was forced to dispose of the energy at a loss. Powerex is not taking issue with CAISO regarding any costs it incurred to dispose of the energy on the curtailed deliveries, as would be at issue under typical Western trading contracts.

¹¹ Since energy delivery occurs only if an e-Tag is in "implemented" status, the curtailment of an e-Tag causes energy to not be delivered.

CAISO's determination that it will hold external sellers liable for all delivery risks poses significant difficulty for importers. Such sellers can consequently be expected to prefer to sell day-ahead energy under the bilateral contracts common in the rest of the West. Moreover, suppliers with energy-limited resources, such as hydropower facilities, may also choose to sell their limited supplies in periods in which there are limited risks of system disruption. Thus, CAISO's insistence that importers accept liability for system disruptions caused by wildfires (and other Uncontrollable Forces) may in turn lead to reduced day-ahead supplies, higher prices to California consumers due to increased reliance on higher cost internal generation, or both.

Powerex has a long, well-established relationship as a reliable out-of-state supplier of energy to the CAISO markets. Powerex cannot be expected to shoulder the burden of CAISO's high replacement power costs where circumstances outside of Powerex's control have foreclosed the physical delivery of day-ahead energy it sells to CAISO. Yet such indemnification is precisely what CAISO effectively demands of external sellers into its Day-Ahead Market.

Consequently, as specified below, Powerex respectfully requests that the Commission's order specifically find that CAISO should not have imposed Imbalance Energy charges on Powerex for hours ending 17 and 18 on August 18, 2013, when the Spring Peak Fire foreclosed the delivery of Powerex's day-ahead energy schedules. In that regard, Powerex requests that the Commission find that CAISO has improperly refused to categorize the Spring Peak Fire as an Uncontrollable Force, and has improperly refused to engage in price correction or other action to hold Powerex harmless. In light of CAISO's response under similar circumstances in 2011, the

Commission should issue an order directing CAISO to afford non-discriminatory treatment to Powerex by correcting the prices for Imbalance Energy in those hours so that Powerex is held harmless for the difference between its Day-Ahead Schedules and the delivery amount. In the alternative, the Commission should find that the curtailment of energy deliveries at NOB during the hours in question was entirely outside of Powerex's control and could not have been avoided, and therefore Imbalance Energy charges are unjust and unreasonable and unduly discriminatory and should be waived.

In addition to the above relief, Powerex requests that the Commission direct CAISO to complete the stakeholder process it initially convened but failed to complete in 2012 to address issues related to the treatment under its Tariff of Uncontrollable Forces in its settlement processes and correcting of prices. Powerex believes that adopting clarifying changes going forward will avoid the unjust and unreasonable treatment that will otherwise occur as CAISO encounters similar situations in the future. In addition, such clarification and, as necessary, tariff modifications will provide incentives to ensure that suppliers in the Pacific Northwest continue to supply CAISO with power even during periods in which there is a significant risk of a CAISO transmission derate due to wildfires or other natural disasters. CAISO's application of Imbalance Energy charges under such conditions is otherwise likely to be substantial and is likely to otherwise deter participation in its markets.¹²

¹² Such risks are generally greatest during the summer season, when transmission derates due to wildfire are higher, and CAISO's Imbalance Energy charges are likely to be substantial due to the limited and higher cost replacement supply available during CAISO's peak load season.

II. BACKGROUND

A. Pacific DC Intertie Derate On August 18, 2013

As described by Powerex witness Mr. Jeffrey Harms, Powerex had sold energy in CAISO's Day-Ahead Market to be delivered at NOB, a scheduling point on CAISO's system boundary in the middle of the Pacific DC Intertie, for hours ending 17 and 18 on August 18, 2013. More specifically, Powerex sold 590 MWh for delivery at NOB in each of the hours ending 17 and 18, at an average price of \$46.25 per MWh.¹³

To effect physical delivery of its day-ahead sales to CAISO, Powerex submitted e-Tags identifying the generation source and each transmission segment necessary to deliver the energy to CAISO at NOB.¹⁴ These e-Tags were all submitted and approved by CAISO on a "pre-schedule" basis, at least one day prior to the delivery day.¹⁵ Therefore, prior to the day of delivery, Powerex had made all the necessary and customary arrangements to effect delivery of its sales commitments to CAISO.

Beginning at approximately 4:06 p.m. Pacific Daylight Time ("PDT") on August 18, all of Powerex's e-Tags to CAISO for hours ending 17 and 18 at NOB were curtailed in their entirety; without an implemented e-Tag, delivery could not occur.¹⁶ Pertinent

¹³ See Exh. A, Harms Declaration at P 3.

¹⁴ See Exh. A, Harms Declaration at P 4; Exhibit H, e-Tags for Powerex's Prescheduled Deliveries to CAISO on August 18, 2013 in hours ending 17 and 18 ("Powerex e-Tags").

¹⁵ The delivery date of August 18, 2013 was a Sunday. Powerex's prescheduled e-Tags were submitted on Friday, August 16 and Saturday, August 17.

¹⁶ In addition to Powerex's curtailed deliveries at NOB, 107 MWh of Powerex schedules for hour ending 17 and 119 MWh for hour ending 18 utilizing the Pacific DC Intertie to deliver to other CAISO scheduling points (e.g., Mead, Eldorado, and Palo Verde) were also curtailed, for which CAISO charged Powerex an additional \$185,467.81. See Exh. A, Harms Declaration at nn.1, 7, 8. The need for CAISO Tariff clarification regarding ongoing treatment of curtailed deliveries under these circumstances is addressed in Part IV.A, *infra*.

e-Tags all show that the curtailment was performed by CAISO.¹⁷ At 4:19 p.m. PDT, CAISO updated its OASIS site to show that the Curtailed Line Rating for the NOB branch group was 0 MW in both the import and the export directions.¹⁸ At 4:27 p.m. PDT, CAISO posted an “Urgent” System Operation Message on its OASIS site informing market participants that “[t]here has been a change to the OTC’s on the NOB_BG branch group for 08/18/13 HE 17 through HE23. Check OASIS for updates.”¹⁹ As described in the attached supporting Declaration, Powerex received other notices of the curtailment by email and telephone call.²⁰

Subsequent to this CAISO curtailment, CAISO assessed Imbalance Energy charges on Powerex for costs of replacement energy associated with the energy that was not delivered to NOB in hours ending 17 and 18. Since the loss of the Pacific DC Intertie resulted in a significant loss of supply to the CAISO grid, the real-time “replacement” prices that CAISO charged Powerex averaged \$787.91 per MWh for hour ending 17 and \$880.64 per MWh for hour ending 18.²¹ These real-time price spikes resulted in total charges to Powerex of almost \$1 million for the two hours of non-delivery at NOB.²²

On September 23, 2013, Powerex disputed CAISO’s assessment of these charges, asserting that the circumstances constituted an Uncontrollable Force under

¹⁷ Exh. H, Powerex e-Tags.

¹⁸ See Exhibit I, CAISO OASIS Transmission Outages.

¹⁹ See Exhibit J, CAISO OASIS System Operation Messages.

²⁰ See Exh. A, Harms Declaration at P 7; see also Exhibit K, Transcripts of Calls Regarding the Outage of the Pacific DC Intertie on August 18-19, 2013; Exhibit L, Emails to Powerex Reporting Pacific DC Intertie Outage on August 18-19, 2013.

²¹ Exh. A, Harms Declaration at P 9.

²² *Id.* at P 10.

Section 14 of the CAISO Tariff, which is expressly defined to include fire,²³ and that Powerex should therefore be held harmless for the non-delivery. On January 13, 2014, CAISO denied the dispute.²⁴ In denying the dispute, CAISO stated merely that the August 18, 2013 derate was “distinguishable from” previous circumstances under which CAISO had held market participants harmless for failures to deliver; without providing any further rationale, CAISO stated it interpreted its Tariff to afford no relief for failures to deliver prescheduled energy under such circumstances.²⁵

B. Delivery Failures Under The CAISO Tariff

The general market design and rules applicable in the CAISO markets were introduced with the Market Redesign and Technology Upgrade (“MRTU”) that was implemented in April 2009.

As is relevant here, under the MRTU design the CAISO runs binding markets in three timeframes: day-ahead, hour-ahead, and during each five-minute operating interval. The latter two timeframes are part of CAISO’s “real-time” market. The Hour Ahead Scheduling Process (“HASP”) is a necessary market run due to the deadlines for finalizing hourly interchange transactions and is binding only for those intertie transactions, whereas the five-minute Real Time Dispatch is the most granular CAISO market for the dispatch of internal generating units and dynamic interchange schedules.

²³ CAISO Tariff App. A, Master Definitions Supplement, “Uncontrollable Force.”

²⁴ CAISO assigned the dispute Case: 00137857 and documentation related thereto is provided as Exhibit E (“CAISO Dispute Documentation”).

²⁵ Exh. E, CAISO Dispute Documentation at 2.

Imported energy can be sold to CAISO in either the Day-Ahead or the HASP market.²⁶ Settlement provisions of the Tariff apply in the event that the quantity of energy actually delivered to the CAISO is not equal to the quantity of energy that was sold. For sales in CAISO's Day-Ahead Market, the difference between the actual quantity delivered and the Day-Ahead Schedule is settled against the 5-minute Real Time Dispatch price.²⁷

The Tariff provisions describing the calculation and settlement of delivery failures do not contain exemptions to their application, and they contain no direct reference to the application of Section 14 on Uncontrollable Force. Thus, although the plain language of Section 14's Uncontrollable Force provision contemplates broad applicability, CAISO's settlement provisions' lack of direct reference to Section 14 has made it unclear whether Uncontrollable Force would be applied to hold intertie suppliers harmless for imbalance charges for certain day-ahead delivery failures. Indeed, until 2011 it was generally understood—though widely considered inequitable—that CAISO interpreted its Tariff to permit it to settle any and all failures to deliver under Day-Ahead Schedules, regardless of the reason, at the 5-minute Real Time Dispatch price.

However, as explained further below, CAISO has in the last several years taken new, affirmative actions that acknowledge that the imposition of certain imbalance

²⁶ After the events at issue in this Complaint, CAISO implemented its new Fifteen Minute Market. Imports are able to participate as hourly block schedules, or bid into each 15-minute interval independently (once 15-minute scheduling is implemented by adjacent transmission providers). *Cal. Ind. Sys. Operator Corp.*, 146 FERC ¶ 61,204 at P 15 (2014).

²⁷ The day-ahead sale also can be adjusted through bids in the HASP. Any such changes are settled at the HASP price, not at the 5-minute Real Time Dispatch prices. Under CAISO's revised real-time market design, failures to deliver on Day-Ahead Schedules are still charged the real-time price, though this can be either the new Fifteen Minute Market price or the 5-minute Real Time Dispatch price, depending on when CAISO is informed of the delivery shortfall.

energy charges under its Tariff are not reasonable when failures to deliver are due to reasons outside the seller's control. In particular, CAISO took the position in 2011 that Section 14's Uncontrollable Force provision *should* apply to the settlement of Day-Ahead Schedule delivery failures, and that the existing settlement framework is otherwise inequitable, and therefore unjust and unreasonable, when applied to Market Participants' Day-Ahead Schedules under such circumstances. While recognizing that the settlement implications of an Uncontrollable Force required further clarification, CAISO acknowledged that it is appropriate in the interim to correct the price of Imbalance Energy under Tariff Section 35 under certain circumstances, and to take other steps as necessary to hold sellers harmless when they are unable to perform because of circumstances beyond their control.

1. CAISO's Market Design Does Not Settle All Import Delivery Failures At The Five-Minute Real Time Price

While differences between actual deliveries and energy sold to CAISO in the Day-Ahead Market are generally settled at the 5-minute Real Time Dispatch price, it is notable that this is not how CAISO has elected to treat differences between actual deliveries and energy sold in the HASP on the interties. If energy sold in the real-time HASP is not actually delivered, either in whole or in part, CAISO does *not* charge the Market Participant the 5-minute Real Time Dispatch price for the shortfall.²⁸ Instead, such outcomes are subject to alternative settlement treatment, which includes a "safe harbor," under which no additional charges are incurred at all.

²⁸ See CAISO Tariff § 11.31.

This alternative treatment for failures to deliver on HASP intertie awards, including the safe harbor, was originally proposed by CAISO in a 2008 filing.²⁹ CAISO and the Commission recognized that some failures to deliver are caused by situations “beyond the scheduling coordinator’s control, such as curtailments by reliability authorities, derates of transmission lines or generation outages,”³⁰ and that failures to deliver under these circumstances are “not inappropriate.”³¹ CAISO argued that such delivery failures should not incur charges, as doing so would reduce market participation and/or result in risk premiums being included in participants’ offers.³² With this justification, CAISO proposed as just and reasonable a ten percent volumetric monthly exemption from charges for failures to perform on a HASP award for any reason.³³ The ten percent headroom allowance was designed with the stated intent of avoiding the imposition of charges for delivery failures without requiring that the CAISO take on the burden of determining whether each individual failure was within the participant’s control.³⁴ The Commission accepted CAISO’s proposal as just and reasonable.³⁵

²⁹ *Cal. Indep. Sys. Operator Corp.*, Amendment to Tariff (Both Current and MRTU) to Implement a Charge for Undelivered Import or Export Bids, Docket No. ER08-628-000 (filed on Feb. 29, 2008) (“Pre-Dispatch Decline Filing”). These provisions permitted “Scheduling Coordinators to indicate that they will not deliver, or ‘decline’ dispatches for import/export energy, recognizing that there could be legitimate reasons to decline.” *Id.* at 1.

³⁰ *Cal. Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,097 at P 27 (2008) (“Pre-Dispatch Decline Order”).

³¹ Pre-Dispatch Decline Filing at 6.

³² *Id.*

³³ See CAISO Tariff §§ 11.31.1, 11.31.2; see also CAISO Tariff App. A, Master Definition Supplement (defining the “Decline Threshold Percentage – Imports/Exports” at ten percent and “Decline Threshold Quantity – Imports/Exports” at 300 MWh).

³⁴ Pre-Dispatch Decline Filing at 6 (“[T]he CAISO increased the primary exemption threshold to 10%, but decided against including exceptions for declines that might be beyond

Importantly, market participants that sell imported energy in the HASP are *never* liable for the Real Time cost of replacing any energy that they fail to deliver, even if the ten percent volumetric headroom is exceeded. Once the ten percent threshold is reached, any additional delivery failures are still not settled at the 5-minute Real Time Dispatch price, but instead incur charges under a formula based on the HASP price.³⁶

This general charge exemption framework, which effectively incorporates a “hold harmless” mechanism for importing suppliers, continues to apply to all HASP transactions in today’s market.

2. In 2011 CAISO Sought To Mitigate Or Eliminate Charges To Market Participants Unable To Perform On Their Day-Ahead Schedules Due To Disruptions Outside Of Their Control

The CAISO’s 2008 “hold harmless” Tariff modification for HASP delivery failures represented a significant step in the CAISO’s move to defray or eliminate charges imposed on Market Participants’ failure to deliver as a result of events outside their control. In 2011, the CAISO took the additional position that equity demanded that Market Participants in the *Day-Ahead Market* should also be held harmless when their failure to comply with Day-Ahead Schedules was an unavoidable result of circumstances beyond their control.

the control of the Scheduling Coordinator. One reason for this revision—and the factor that ultimately outweighed the view that the exemption threshold should be tightened—was the belief that declines are not inappropriate in certain circumstances. In the CAISO’s view, these declines should not incur charges, because doing so could discourage legitimate import bids and lead marketers to add an otherwise unnecessary ‘bid premium.’ However, the CAISO also believed it would be impossible as a practical matter to evaluate the circumstances of numerous individual declines, as would be necessary if the rule contained exceptions for declines based on certain specific causes.”).

³⁵ Pre-Dispatch Decline Order, 123 FERC ¶ 61,097 at P 1.

³⁶ See CAISO Tariff § 11.31.

On September 8, 2011, a transmission line that is a major source of imported power to one of California's Load Serving Entities tripped, and in turn caused several dozen generators within the CAISO grid to trip off line, resulting in the loss of load. CAISO subsequently filed a petition with the Commission for approval of various actions it took in response to that event.³⁷ As pertinent here, CAISO sought the Commission's approval of its decision to hold Market Participants harmless for their failure to perform according to their Day-Ahead Schedules because they could not have avoided the outcome given the circumstances.³⁸ As CAISO explained,

The CAISO believes that generation and load resources in the San Diego area that were forced to trip during the system emergency experienced a *force majeure* event and should therefore be held harmless in connection with their failure to deliver or consume in accordance with their day-ahead schedules.³⁹

CAISO argued that its decision to hold Market Participants harmless was within its Tariff authority under Section 14, Uncontrollable Force, Section 7, System Operations Under Normal and Emergency Conditions, and Section 35, Market Validation and Price Correction,⁴⁰ but requested in the alternative that the Commission waive any Tariff provision that might be deemed inconsistent with CAISO's decision to hold Market Participants harmless.⁴¹

CAISO further explained that Section 14.1 of its Tariff provides that Market Participants should not be deemed in default of any obligation when an Uncontrollable

³⁷ See *Cal. Indep. Sys. Operator Corp.*, Petition for Waiver of Tariff Provisions, Docket No. ER12-205-000 (filed Oct. 26, 2011) ("2011 Petition").

³⁸ *Id.* at 12.

³⁹ *Id.* at 2

⁴⁰ *Id.* at 4 n.2, 12, 18.

⁴¹ *Id.* at 12.

Force, or *force majeure*, caused the unfulfilled obligation.⁴² Although a line trip (unlike a fire) is not expressly identified in the CAISO Tariff as an example of an Uncontrollable Force,⁴³ CAISO argued that the line trip was beyond the Market Participants' control and thus should be deemed an Uncontrollable Force pursuant to the Tariff definition. And while Section 14.2 generally requires affected entities to notify the CAISO of an Uncontrollable Force, and use best efforts to mitigate the effects thereof, CAISO argued that provision did not apply in that instance, because it was the system operators, rather than generators, that had the information regarding the system emergency.⁴⁴

Because the event qualified as an Uncontrollable Force, CAISO argued, affected Market Participants were relieved of their obligation to perform, and should be exempted from the imbalance energy charges that would otherwise apply:

The CAISO has therefore concluded that, because of these *force majeure* conditions, the tripped generators and load were relieved during the system emergency of their obligation to perform in accordance with their day-ahead schedules and should be held harmless.⁴⁵

CAISO argued that the imposition of the substantially higher real-time prices to settle differences between actual performance and Day-Ahead Schedules would be

⁴² *Id.* at 18, 19-20.

⁴³ An "Uncontrollable Force" is defined in the CAISO Tariff as:

Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the CAISO or Market Participant which could not be avoided through the exercise of Good Utility Practice.

CAISO Tariff App. A, Master Definitions Supplement.

⁴⁴ 2011 Petition at 19.

⁴⁵ *Id.* at 19-20.

“inequitable” as applied to a set of Market Participants (*i.e.*, the generators and loads that were offline as a result of the outage). In particular, CAISO explained that the inability of certain Market Participants to perform consistent with their Day-Ahead Schedules occurred through no fault of the Market Participants: “There can be little question that the generators and load in question could not have avoided being tripped through the exercise of good utility practice.”⁴⁶

CAISO’s 2011 Petition sought Commission approval to hold affected Market Participants harmless under Section 35 of its Tariff, which permits price corrections, by equating the real-time locational marginal price with the day-ahead locational marginal price for affected time intervals:

Therefore, for generation and load resources in the affected area that were forced to trip, the CAISO has proposed to correct the real-time 5-minute locational marginal price to match the day-ahead locational marginal price for the corresponding time interval.⁴⁷

Such treatment would effectively avoid the imposition of high real-time replacement power costs on affected Market Participants.⁴⁸

In the event the Commission was unwilling to issue an interpretation of whether the line trip was an Uncontrollable Force that qualified the affected Market Participants for a pricing correction that relieved them of any harm from the elevated Imbalance Energy charges, CAISO’s 2011 Petition alternatively sought complete waiver of Imbalance Energy charges for those Market Participants unable to comply with their

⁴⁶ *Id.* at 18.

⁴⁷ *Id.* at 20; *see also id.* at 4 n.2 (“Section 35 sets forth the CAISO’s price validation and correction authority and applies in the absence of a market disruption. Prices may be corrected in one or more methodologies, including using the price from the immediately preceding settlement period when price correction is warranted.”); CAISO Tariff § 35.3.1.

⁴⁸ 2011 Petition at 19-20.

Day-Ahead Schedules due to the disruption.⁴⁹ CAISO's justification for such waiver was again based solely on its argument that the event caused Market Participants to be "unable to deliver according to their day-ahead schedules for reasons beyond their control."⁵⁰

Of particular significance, CAISO's 2011 Petition concluded with its determination that the 2011 events highlighted that its Tariff provisions related to market interventions, including those that governed actions taken under Uncontrollable Force situations, required revisions:

Regardless of whether the Commission concludes the CAISO's response to the system emergency was consistent with the CAISO tariff, the CAISO recognizes that the tariff provisions regarding the nature of market intervention in the case of this significant a system emergency and the settlement implications of a force majeure event need clarification or revision. The CAISO therefore intends to convene a stakeholder process to consider appropriate clarifications and revisions. The CAISO plans to initiate the stakeholder process within 30 days from the date of the Commission's order in response to this filing.

The CAISO expects that the stakeholder process will require four to six months to complete. Any resulting tariff revisions will be submitted to the CAISO Board of Governors and the Commission for approval.⁵¹

In its order on CAISO's 2011 Petition, the Commission found that Market Participants were "unable to meet their obligations to perform in accordance with their day-ahead schedules" as a result of the line outage.⁵² It therefore granted CAISO's alternative request for waiver of otherwise applicable sections of the Tariff, and thus it held those Market Participants harmless without reaching the issue of whether the line

⁴⁹ *Id.* at 20.

⁵⁰ *Id.* at 21.

⁵¹ *Id.*

⁵² *Cal. Indep. Sys. Operator Corp.*, 139 FERC ¶ 61,207 at P 65 (2012) ("Order on CAISO 2011 Petition").

trip constituted an Uncontrollable Force.⁵³ The Commission also accepted “CAISO’s commitment to convene a stakeholder process to consider tariff revisions to clarify CAISO’s actions during system emergencies” and directed that any tariff amendments resulting from the process be submitted to the Commission.⁵⁴

In furtherance of the commitment made to the Commission, the CAISO convened a stakeholder process in July 2012, and it issued an Administrative Pricing Rules Issue Paper on July 25, 2012 (“2012 Issue Paper”).⁵⁵ Two of the issues presented in the “proposed scope” of the stakeholder process initiated by the 2012 Issue Paper are critical to the issues in Powerex’s present Complaint:

What hold harmless provisions should be established for tripped load, physical resources and convergence bidders during market suspension or force majeure events?

Is there a need to provide more clarity concerning the definition of a force majeure event and any actions the market participant or ISO must take and the settlement consequences?⁵⁶

CAISO solicited an initial round of stakeholder comments but never issued any subsequent proposal.⁵⁷ At the time of the filing of this Complaint, the CAISO stakeholder process has been dormant for almost two years. The last activity under this stakeholder process was a web conference on August 1, 2012, and none of the additional scheduled steps leading up to CAISO Board approval and a filing with the

⁵³ *Id.* at PP 64-65

⁵⁴ *Id.* at P 77.

⁵⁵ The 2012 Issue Paper is available at <http://www.aiso.com/informed/Pages/StakeholderProcesses/AdministrativePricingRules.aspx> (included with this Complaint as Exhibit F). The proposed schedule for the Administrative Pricing Rules Stakeholder Process is found in the 2012 Issue Paper at page 3.

⁵⁶ Exh. F, 2012 Issue Paper at 3.

⁵⁷ Stakeholder Comments on Issue Paper are available at <http://www.aiso.com/informed/Pages/StakeholderProcesses/AdministrativePricingRules.aspx>.

Commission of Tariff changes ever occurred.⁵⁸ Thus, despite CAISO's recognition that Tariff revisions were "need[ed]," its claim of an expected four to six month process, and the Commission's resulting expectation that any such changes with rate implications would be filed with the Commission,⁵⁹ more than two years later no improvements to the Tariff have been proposed or implemented.⁶⁰

CAISO's 2011 Petition expressly recognized the need for case-specific review of the circumstances surrounding a failure to deliver on a Day-Ahead Schedule. CAISO's reasoning in its 2011 Petition is consistent with the principles it articulated at the very beginning of MRTU: that certain delivery failures may occur for reasons beyond a market participant's control, and that charges in those cases are not warranted and are even detrimental to the proper functioning of the market.⁶¹

Unfortunately, CAISO failed to make good on the 2011 Petition's commitment to the Commission to clarify the extent and applicability of the Uncontrollable Force provisions under the Tariff. In particular, CAISO has left unresolved the availability of case-specific review of whether Imbalance Energy charges should apply to Day-Ahead

⁵⁸ A screen shot of the activity in the Administrative Pricing Stakeholder process is included at Exhibit G. This information is available at <http://www.caiso.com/informed/Pages/StakeholderProcesses/AdministrativePricingRules.aspx>, and was last viewed on May 27, 2014.

⁵⁹ 2011 Petition at 21; Order on CAISO 2011 Petition, 139 FERC ¶ 61,207 at P 77.

⁶⁰ The September 8, 2011 outage has received significant Commission attention, including the Commission's announcement of an Enforcement Staff investigation into the possible reliability standards violations during the outage, Staff Notice of Alleged Violations (issued January 22, 2014), and the April 2012 report *Arizona-Southern California Outages on September 8, 2011* by Commission and North American Electric Reliability Corporation Staff. This continued attention by the Commission makes the CAISO's promised failure to complete its stakeholder process all the more problematic.

⁶¹ Pre-Dispatch Decline Filing at 6.

Intertie Schedules. As discussed more fully herein, the issues that CAISO has failed to clarify form the very basis for Powerex's present Complaint.

CAISO's position in both its 2008 Pre-Dispatch Decline Provision Filing and in its 2011 Petition regarding the September 2011 system outage recognized a principle that it has failed to apply to the circumstances under which this Complaint arises. Specifically, in those filings, CAISO recognized the inequity of charging a Market Participant for failures to deliver under circumstances beyond the participant's control. Ensuring that Powerex and other intertie suppliers are treated in a similar, non-discriminatory manner, consistent with CAISO's approach in the 2008 and 2011 filings, will allow Powerex to continue in its long-standing, well-established commercial relationship as a reliable physical supplier to the CAISO.

III. COMMUNICATIONS

Michael Benn
 Energy Trade Policy Analyst
 Powerex Corp.
 666 Burrard Street, Suite 1300
 Vancouver, British Columbia
 Canada V6C 2X8
 Phone: (604) 891-6074
 Fax: (604) 891-5015
 mike.benn@powerex.com

Deanna E. King
 Jessica H. Miller
 Bracewell & Giuliani LLP
 111 Congress Ave., Suite 2300
 Austin, TX 78701
 Phone: (512) 494-3612
 Fax: (800) 404-3970
 deanna.king@bgllp.com
 jessica.miller@bgllp.com

Applicant requests that all of the indicated individuals be designated for service and that the Commission waive any limitation on the number of persons that may be designated for service set forth in 18 C.F.R. § 385.203(b)(3).

IV. DESCRIPTION OF COMPLAINANT

Powerex is a corporation organized under the *Business Corporations Act* of British Columbia, with its principal place of business in Vancouver, British Columbia,

Canada. Powerex is the wholly-owned marketing subsidiary of the British Columbia Hydro and Power Authority (“BC Hydro”), a vertically integrated Provincial Crown Corporation utility owned by the Government of British Columbia. Powerex is a power marketer that sells power at wholesale in the United States at market-based rates.⁶² Powerex’s portfolio of supply includes substantial resources external to the CAISO BAA, including available supply from the hydropower facilities operated by BC Hydro and electricity made available pursuant to the Columbia River Treaty. Powerex is a Scheduling Coordinator in the CAISO markets, and has been an active participant in the CAISO markets for the past fifteen years.

V. COMPLAINT

The fire that caused CAISO to curtail Powerex’s delivery of power according to Powerex’s Day-Ahead Schedule is unquestionably an event that falls within the CAISO Tariff’s Uncontrollable Force provision. As with *force majeure* provisions in bilateral electricity supply contracts across the West, and as CAISO has advocated in the past to exempt market participants from charges for events outside their control, the CAISO Tariff should guide the CAISO in this instance to correct prices under CAISO Tariff Section 35 to hold Powerex harmless for high real-time charges for Imbalance Energy.

The CAISO has not justified its imposition of costs on Powerex. Powerex took all the necessary and customary steps to effect physical delivery of its day-ahead sales to CAISO, but was prevented from doing so as a result of circumstances wholly outside of its control: the complete outage of the Pacific DC Intertie and the attendant

⁶² See *Powerex Corp.*, Docket No. ER01-48-007 (July 26, 2007) (unpublished letter order renewing market-based rate authority).

unavailability of the specified delivery point for the transaction (NOB). Under the terms of the CAISO Tariff and the CAISO's response to previous similar circumstances, CAISO's imposition of charges on Powerex is unjust, unreasonable, and inequitable. Moreover, given the relief previously granted to generators *inside* of CAISO's BAA, denying the same relief to *importers* is unduly discriminatory. This Complaint is filed consistent with the CAISO Tariff, which preserves the rights of a Market Participant to file a complaint at the Commission in exercise of its FPA rights at any time, and which expressly recognizes the Commission's authority to order price corrections.⁶³

A. CAISO's Application Of Imbalance Energy Charges Related To The Spring Peak Fire Is Inconsistent With Its Just And Reasonable Treatment Of Market Participants In 2008 And 2011

CAISO's imposition of \$937,927.33 in Imbalance Energy charges on Powerex is unjust, unreasonable, and unduly discriminatory.

CAISO's 2008 and 2011 filings are consistent with the conclusion that charges for replacement energy effectively constitute unjust penalties when applied to market participants who were unable to perform under their existing schedules based on events outside their control. In 2011, CAISO advocated that market participants must be held harmless under such circumstances, and the Commission agreed.⁶⁴ After affording relief to one set of market participants, CAISO may not now rely on its subsequent failure to complete its stakeholder process to clarify applicable Tariff provisions, as it committed to do in its 2011 Petition, as grounds that permit it to apply such charges in a

⁶³ CAISO Tariff §§ 13.1.1, 35.3.1.

⁶⁴ See discussion *supra* Part II.B.2.

discriminatory manner by selectively exempting sellers from such charges when it deems it appropriate.

During two hours on August 18, 2013, CAISO curtailed all energy deliveries at its NOB scheduling point as a result of the outage of the Pacific DC Intertie caused by the Spring Peak fire. The outage was an Uncontrollable Force beyond Powerex's control, as were the CAISO's associated curtailments to Powerex's schedules.⁶⁵ Notably, the charges imposed on Powerex reached almost \$1 million for just two hours.⁶⁶ Individual suppliers should not be expected to have the financial wherewithal to handle such staggering losses. Requiring Powerex to shoulder the burden of these extraordinary costs is particularly inequitable considering that, by doing so, CAISO is requiring out-of-state suppliers to pay for replacement power needed to serve California's load-serving entities' needs, after California was unable to receive power that the supplier was ready, willing, and able to deliver. This has the direct effect of unfairly shifting costs from California loads to external suppliers; such charges under these circumstances should not be permitted.

CAISO's interpretation of the Tariff to impose the charges assessed against Powerex on August 18, 2013 conflicts with the just and reasonable result CAISO first described in its 2008 filing providing a safe harbor for failures to deliver on HASP intertie awards,⁶⁷ subsequently advocated for in its 2011 Petition, and ultimately secured for a limited set of Market Participants by Commission order in 2012. CAISO's actions

⁶⁵ See Exh. A, Harms Declaration at PP 5, 6, 8.

⁶⁶ *Id.* at P 10.

⁶⁷ See discussion *supra* Part II.B.1.

regarding the events that precipitated this Complaint are thus discriminatory and violate the FPA's mandate.

In CAISO's 2011 Petition seeking the same relief for market participants that Powerex seeks here, CAISO stated:

[B]ecause of the[] *force majeure* conditions, the tripped generators and load were relieved during the system emergency of their obligation to perform in accordance with their day-ahead schedules and should be held harmless.⁶⁸

Although there is no question that Powerex was unable to deliver energy due to no fault of its own, CAISO has refused to treat Powerex consistent with both its prior descriptions of applicable Tariff provisions and its prior actions in 2008 and 2011 seeking waiver of charges for market participants whose performance was prevented by external forces outside their control. The charges CAISO described in its 2011 Petition as "inequitable" when applied to in-state Market Participants as a result of the September 8, 2011, event are equally inequitable here. Yet CAISO has refused to:

- (1) consistently apply its Uncontrollable Force provision to relieve Market Participants of costs when they had no control over their failure to perform; or
- (2) consistently seek and/or provide safe harbor or "hold harmless" protection for failures to perform due to circumstances beyond a Market Participant's control.

CAISO's approach is preferential toward in-state generator Market Participants and unduly discriminatory toward out-of-state suppliers and inconsistent with the requirements of the FPA.

Accordingly, and consistent with the price correction provisions of Tariff Section 35.3.1 and with CAISO's and the Commission's responses to the September 8, 2011

⁶⁸ 2011 Petition at 19-20.

system outage, the Commission should order prices to be corrected pursuant to its FPA Section 309 authority, such that Powerex is held harmless from adverse consequences, and is not charged for CAISO's replacement cost of energy at the high real-time prices for hours ending 17 and 18 on August 18, 2013. As the CAISO recognized in its 2011 Petition, to do otherwise would be inequitable, unjust, and unreasonable.

B. CAISO's Failure To Complete A Stakeholder Process To Clarify The Settlement Implications Of An Uncontrollable Force Results In Unjust, Unreasonable, And Unduly Discriminatory Application Of CAISO Tariff Provisions

CAISO's failure to complete the stakeholder process it committed to undertake in 2011 creates an ongoing lack of clarity and potential for future unjust and unreasonable imposition of charges. Importantly, despite CAISO's 2011 conclusion that certain of its Tariff provisions require modification to provide greater clarity on the application of its Uncontrollable Force provision,⁶⁹ it has failed to pursue its commitment to market participants and the Commission to develop and implement the needed changes. In response to this complaint, CAISO now has the opportunity to defer to the Commission's findings regarding non-discriminatory treatment of all suppliers—including importers—and complete its long-dormant tariff stakeholder process. Any clarifications regarding tariff interpretation and the application of its Uncontrollable Force provision should be made in that context, and not merely in the context of CAISO's response to this Complaint.

⁶⁹ See 2011 Petition at 21 (“[T]he CAISO recognizes that the tariff provisions regarding the nature of market intervention in the case of this significant a system emergency and the settlement implications of a force majeure event need clarification or revision.”); Order on CAISO 2011 Petition, 139 FERC ¶ 61,207 at P 77 (“We accept CAISO's commitment to convene a stakeholder process to consider tariff revisions to clarify CAISO's actions during system emergencies and address parties' concerns.”).

The Commission must require that CAISO act consistent with its 2008 and 2011 interpretation and application of its Tariff provisions and charges. Further, CAISO's shift in position regarding Imbalance Energy charges (as most clearly evidenced in 2011) makes completion of the delayed stakeholder process, and submission of appropriate clarifying Tariff amendments, all the more critical to ensuring just and reasonable results going forward. All CAISO stakeholders must have the opportunity to engage with CAISO in its now-articulated position regarding the interaction between Imbalance Energy charges and Uncontrollable Forces.

CAISO's decision to hold in-state generators harmless in 2011 and its failure to fulfill its Tariff revision commitment supports three conclusions. First, under the CAISO Tariff, it is inequitable, and therefore unjust and unreasonable, for CAISO to continue to assess Imbalance Charges against suppliers that do not complete delivery because of the effects of an Uncontrollable Force. Second, just and reasonable treatment as required under the FPA requires clarifications and modifications to the CAISO Tariff, which CAISO must be required to do. And third, CAISO must now show that its imposition of charges on Powerex and other importers is not discriminatory in comparison to the charges it demanded be waived for suppliers who failed to deliver as a result of the outage event of September 8, 2011.

Timely completion of the stakeholder process is critical. There is no meaningful justification for the discrimination revealed in CAISO's treatment of in-state generators affected by the September 8, 2011 outage, on the one hand, and intertie suppliers like Powerex during the August 18, 2013 transmission line derate on the other hand. Individual sellers should not be penalized after catastrophic events, such as fires, by

being required to pay for replacement energy at the high real-time prices the event precipitates. Such charges deter market participation and reduce liquidity.⁷⁰

C. Failure To Provide Relief In This Case Is Out Of Step With Industry Standards, And Will Result In Other Adverse Consequences

If relief is not afforded, suppliers should rightfully be expected to limit their participation in the CAISO market during periods in which the risk or consequences of uncontrollable forces is elevated. During such periods of elevated risk, external suppliers should be expected to prefer to offer their supply in alternative markets that have a more equitable treatment during Uncontrollable Force events. Such a shift cannot be expected to encourage the stability of supply or efficient market outcomes that well-designed market rules should yield.

For example, if CAISO is permitted to continue to interpret its Tariff in such a way that results in discriminatory imposition of Imbalance Energy charges, Market Participants may alternatively choose to transact bilaterally at various delivery locations throughout the Western Interconnection under the Western Systems Power Pool (“WSPP”) Agreement⁷¹ instead of transacting with the CAISO in its Day-Ahead Market.

⁷⁰ The Commission repeatedly has recognized the importance of tariff provisions and market design policies that increase market participation and liquidity. See, e.g., *PJM Interconnection, L.L.C.*, 137 FERC ¶ 61,003 at PP 6, 11 (2011); *Cal. Indep. Sys. Operator Corp.*, 130 FERC ¶ 61,122 at P 132 (2010); *ISO New England, Inc.*, 113 FERC ¶ 61,055 at PP 38, 46 (2005); see also *Credit Reforms in Organized Wholesale Electric Markets*, Order No. 741, FERC Stats. & Regs. ¶ 31,317, at PP 8, 32, 33 (2010) (implementing reforms to credit policies used in organized wholesale electric power markets in order to, in part, increase market liquidity), *order on reh'g*, Order No. 741-A, FERC Stats. & Regs. ¶ 31,320 (2011), *order denying reh'g*, Order No. 741-B, 135 FERC ¶ 61,242 (2011).

⁷¹ WSPP, Current WSPP Agreement (“WSPP Agreement”), available at <http://wspp.org>. The WSPP Agreement was initially accepted by the Commission on a non-experimental basis in 1991. *Western Sys. Power Pool*, 55 FERC ¶ 61,099, *order on reh'g*, 55 FERC ¶ 61,495 (1991), *aff'd in relevant part and remanded in part sub nom. Environmental Action and Consumer Federation of America v. FERC*, 996 F.2d 401 (D.C. Cir. 1992), *order on remand*, 66 FERC ¶ 61,201 (1994).

The WSPP Agreement contains “express remedies and measures of damages . . . for non-performance or default.”⁷² These liquidated damages can only be imposed after the party purporting harm demonstrates that it was, indeed, the other party that failed to perform.

Further, when the failure to perform under the WSPP Agreement is “excused by Uncontrollable Forces,” the non-performance is excused and liquidated damages do not apply.⁷³ If service is interrupted because of an Uncontrollable Force, “neither Seller nor Purchaser shall be obligated to pay any damages” pursuant to the WSPP Agreement.⁷⁴ Thus, when increased wildfire danger increases the risk of a major transmission outage, sellers will be able to significantly reduce their financial exposure for delivery failures by engaging in bilateral transactions under the WSPP Agreement rather than transacting in the CAISO Day-Ahead Market.

While the WSPP Agreement’s treatment of failure to perform is not binding on CAISO, it is consistent with CAISO’s actions in 2008 and 2011 to eliminate or modify Imbalance Energy charges when suppliers’ failure to deliver is due to circumstances beyond their control. It is also consistent with CAISO’s pronouncement in 2011 that such charges would be inequitable, and therefore unjust and unreasonable, if applied. And notably, granting the relief requested by Powerex would also promote consistency

⁷² WSPP Agreement at 21.1.

⁷³ WSPP Agreement § 21.3(a). WSPP Agreement § 10 provides that “No Party shall be considered to be in breach of this Agreement . . . to the extent that a failure to perform its obligations under this Agreement . . . is due to an Uncontrollable Force.” Fire is listed as an Uncontrollable Force. *Id.*

⁷⁴ WSPP Agreement at C-3.7.

between CAISO and bilateral markets in the rest of the WECC, eliminating the financial incentive to avoid the CAISO markets.⁷⁵

VI. REQUEST FOR SUMMARY DISPOSITION

The Commission is able to provide the requested relief in this proceeding based on this Complaint and supporting documentation. No evidentiary hearing is required for the Commission to reach the determinations sought in this proceeding. The Commission has an established practice to seek to resolve proceedings without hearings when there are no genuine issues of material fact involved. Powerex believes the material facts as to these issues are not in dispute. Powerex accordingly respectfully requests that the Commission grant the relief sought in the Complaint as to these issues summarily. To the extent additional information is required, Powerex requests that the Commission set this proceeding for hearing, hold the hearing in abeyance, and direct the proceeding for settlement judge procedures.

VII. REQUEST FOR RELIEF

A. Request That CAISO Hold Powerex Harmless For Replacement Power Costs Based On Failure To Apply Tariff Protection

Powerex respectfully requests that the Commission exercise its authority pursuant to Section 309 of the FPA to ensure that rates are just and reasonable and not unduly discriminatory or preferential, and direct CAISO to take such actions as necessary to hold Powerex harmless for the Imbalance Energy charges assessed on

⁷⁵ Indeed, the Commission recognized the importance of monitoring and resolving seams issues in its order conditionally approving CAISO's MRTU tariff. *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at P 490 (2006) ("Fundamentally, we note that it is important to resolve any seams issues that will hinder the reliable, competitive functioning of the markets in the West."), *order on reh'g*, 119 FERC ¶ 61,076 (2007), *order on reh'g*, 120 FERC ¶ 61,271 (2007).

Powerex by CAISO relating to CAISO's inability to accept Powerex deliveries at NOB in hours ending 17 and 18 on August 18, 2013 due to the Spring Peak Fire. As documented by Powerex witness Jeff Harms, those charges totaled \$937,927.33.⁷⁶

This relief is appropriate because fire is an Uncontrollable Force, and Section 14.1 of the CAISO Tariff provides that Market Participants should not be deemed in default of any obligation when an Uncontrollable Force, or *force majeure*, caused the unfulfilled obligation. Thus, Imbalance Energy charges should not be assessed. To the extent that the Commission finds that Powerex did not comply with any of the applicable requirements of CAISO Tariff Section 14.2 regarding an Uncontrollable Force situation, such as the requirement to notify the CAISO of the Uncontrollable Force, Powerex respectfully requests that the Commission either waive those requirements or deem them to be fulfilled, as it did in response to CAISO's 2011 Petition. Such a waiver is appropriate where, as here, the transmission customer—unlike the transmission provider—is not in a position to have information regarding conditions on the transmission grid and thus is not capable of unilaterally responding to those conditions.

As illustrated in the discussion of the September 8, 2011 outage, even when an event that led to delivery interruptions did not fall squarely within the definition of an Uncontrollable Force, the Commission agreed with CAISO's position that Imbalance Energy charges should not be assessed on those Market Participants that were unable to comply with their Day-Ahead Schedules due to a disruption outside their control. The same result is warranted for Powerex here, even if the Commission finds that the Uncontrollable Force provision does not control. The Commission should direct CAISO

⁷⁶ Exh. A, Harms Declaration at P 10.

to correct the prices for Imbalance Energy so that Powerex is charged day-ahead prices, as provided in CAISO Tariff § 35.3.1. In the alternative, the Commission should order that CAISO waive Imbalance Energy charges for Powerex for its undelivered energy scheduled for delivery at NOB in hours ending 17 and 18 on August 18, 2013.

B. The Commission Should Direct CAISO To Follow Through On Its Commitment To Pursue Tariff Changes Relating To Uncontrollable Forces

Powerex also requests that the Commission exercise its authority pursuant to Section 206 of the FPA to direct CAISO to complete the stakeholder process initially convened in response to the Commission's 2012 order in Docket No. ER12-205-000 and arising from the CAISO's petition for relief related to the September 8, 2011 outage. CAISO should be required to make absolutely clear the specific risks that its Market Participants bear with respect to non-delivery and under which specific circumstances those risks apply. A robust stakeholder process is particularly appropriate, given CAISO's 2011 statements regarding both the uncertain application of pertinent Tariff provisions and the broadly stated need to hold suppliers harmless for replacement costs of energy when delivery failures occur due to circumstances outside their control.

In its 2011 Petition, CAISO acknowledged the need for revisions to its Tariff with regard to Uncontrollable Force situations and other market interventions: "CAISO recognizes that the tariff provisions regarding the nature of market intervention in the case of this significant a system emergency and the settlement implications of a force majeure event need clarification or revision."⁷⁷ The Commission's order in Docket No. ER12-205-000 accepted "CAISO's commitment to convene a stakeholder process to

⁷⁷ 2011 Petition at 21.

consider tariff revisions to clarify CAISO's actions during system emergencies" and directed that any rate proposals resulting from the process should be submitted to the Commission.⁷⁸

The Commission should now require that CAISO follow through on its commitment to complete a comprehensive stakeholder process and file with the Commission tariff changes resulting therefrom. That forum should result in CAISO developing (i) proposed Tariff amendments that address the need to more explicitly treat Uncontrollable Forces as events that do not trigger the imposition of Imbalance Energy charges and (ii) any additional proposed amendments necessary to clarify the Uncontrollable Force provisions under the Tariff. CAISO should be required to file any proposed Tariff amendments within a specified period following the issuance of the Commission's order in this docket. Without these Tariff revisions, settlement issues arising in the future from similar situations of Uncontrollable Force will continue to require the time and efforts of all parties and possibly the Commission to ensure just and reasonable nondiscriminatory results on a case-by-case basis.⁷⁹

VIII. OTHER INFORMATION REQUIREMENTS OF RULE 206

A. Financial Impact

In accordance with Rule 206(b)(4), 18 C.F.R. § 385.206(b)(4), Powerex estimates that the financial loss it has suffered in Imbalance Energy charges associated

⁷⁸ Order on CAISO 2011 Petition, 139 FERC ¶ 61,207 at P 77.

⁷⁹ Delivery interruptions and Imbalance Energy charges related to other Powerex sales to CAISO on August 18, 2013 illustrate how a case-by-case review will ultimately be an inefficient mechanism for resolving the underlying issues. On the same hours that CAISO curtailed all of Powerex's deliveries to the NOB scheduling point, the outage of the Pacific DC Intertie also prevented Powerex's deliveries to certain other delivery points, including Palo Verde, Mead and Eldorado, even though those delivery points were not themselves out of service. See Exh. A, Harms Declaration at nn.1, 7, 8.

with purchasing replacement power during the referenced Uncontrollable Force events was \$937,927.33 plus interest at the Commission's interest rate.⁸⁰

B. Practical And Non-Financial Impact

In accordance with Rule 206(b)(5), 18 C.F.R. § 385.206(b)(5), the practical and other non-financial impacts associated with CAISO's actions include inconsistent performance standards for imports in CAISO's Day-Ahead and real-time markets and loss of confidence in markets and market operations,⁸¹ as more fully discussed in the body of this filing.

C. Other Proceedings

In accordance with Rule 206(b)(6), 18 C.F.R. § 385.206(b)(6), Powerex states that to the best of its knowledge the issues presented in this Complaint are not pending in any existing proceeding at the Commission or in any other forum.

D. Negotiations Among The Parties

In accordance with Rule 206(b)(9), 18 C.F.R. § 385.206(b)(9), Powerex has sought resolution of the issues raised in this Complaint with CAISO before making this filing, but its attempts to achieve mutually agreeable resolution were unsuccessful.⁸² Thus, Powerex does not believe alternative dispute resolution or other informal dispute resolution procedures would be successful to resolve this Complaint. However, if the

⁸⁰ See *id.* at P 8.

⁸¹ See *Regional Transmission Organizations*, Order No. 2000, 65 Fed. Reg. 809 (January 6, 2000), FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,089 at 31,017 (1999) (there will be reduced competition and higher prices for consumers in the absence of information transparency and equitable treatment of competing participants), *order on reh'g*, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000), FERC Stats. & Regs., Regulations Preambles July 1996-December 2000 ¶ 31,092 (2000), *affirmed sub nom. Public Utility District No. 1 of Snohomish County, Washington v. FERC*, 272 F.3d 607 (D.C. Cir. 2001).

⁸² See, e.g., Exh. A, Harms Declaration at P 11; Exh. E, Documentation of Powerex Settlement Dispute Submitted to CAISO.

Commission is unable summarily to issue an order granting the relief requested in the Complaint, formal settlement judge proceedings initiated after the Commission sets the proceeding for hearing may allow the parties to resolve the issues in a negotiated manner.

E. Service And Form Of Notice

In accordance with Rule 206(c), 18 C.F.R. § 385.206(c), Powerex simultaneously is serving a copy of this filing on designated representatives of CAISO. A form of notice suitable for publication in the Federal Register in accordance with the specifications in Rule 206(b)(10), 18 C.F.R. § 385.206(b)(10) and Rule 203(d), 18 C.F.R. § 203(d), is attached hereto as Attachment 1. Powerex also provides a copy of the form of notice in Microsoft Word format.

IX. DOCUMENTS INCLUDED WITH THIS COMPLAINT

The following documents are included with and in support of this Complaint:

- Attachment 1 Notice of Complaint
- Exhibit A Declaration of Jeffrey Harms on Behalf of Powerex Corp.
- Exhibit B National Wildfire Coordinating Group, Spring Peak Fire Incident Information
- Exhibit C National Wildfire Coordinating Group, Spring Peak Fire News Release
- Exhibit D Excerpts from CAISO Department of Market Monitoring Q3 2013 Report on Market Issues and Performance
- Exhibit E Documentation of Powerex Settlement Dispute Submitted to CAISO
- Exhibit F CAISO, 2012 Administrative Pricing Rules Issue Paper
- Exhibit G CAISO, Administrative Pricing Rules Stakeholder Process Screenshot

- Exhibit H List of e-Tags for Powerex's Prescheduled Deliveries to CAISO at NOB on August 18, 2013 for Hours Ending 17 and 18 (Non-public version includes contains the full e-Tag information and thus has been designated as non-public).
- Exhibit I CAISO OASIS Transmission Outages, August 18, 2013
- Exhibit J CAISO OASIS System Operation Messages, August 18, 2013
- Exhibit K Transcripts of Calls Regarding the Pacific DC Intertie Outage on August 18-19, 2013
- Exhibit L Emails to Powerex Reporting Pacific DC Intertie Outage on August 18-19, 2013

X. CONCLUSION

WHEREFORE, Powerex requests that the Commission direct CAISO to treat its August 18, 2013 failure of receipt of energy from Powerex as caused by an Uncontrollable Force and determine that Imbalance Energy charges associated with this event should not be assessed, leading to the return of \$937,927.33 plus interest at the Commission's interest rate. In addition, because (i) Uncontrollable Forces are expected to recur, (ii) CAISO has admitted deficiencies in its current Tariff related to such events, and (iii) the Commission expected Tariff changes emanating from a CAISO stakeholder process to be filed with the Commission prior to this time, Powerex respectfully requests that the Commission direct that CAISO pursue and complete a stakeholder process and file the resulting proposed Tariff changes with the Commission.

Respectfully submitted,

/s/ Deanna E. King

Deanna E. King
Jessica H. Miller
Bracewell & Giuliani LLP
111 Congress Avenue
Suite 2300
Austin, Texas 78701
Phone: (512) 494-3612
Fax: (800) 404-3970
deanna.king@bgllp.com
jessica.miller@bgllp.com

Attorneys for Powerex Corp.

May 30, 2014

ATTACHMENT 1
NOTICE OF COMPLAINT

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Powerex Corp.

v.

Docket No. EL14-____-000

California Independent System Operator Corporation

NOTICE OF COMPLAINT

(May 30, 2014)

Take notice that on May 30, 2014, pursuant to section 206 of the Rules and Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 CFR § 385.206 (2013), Powerex Corp. (Powerex) filed a formal complaint against California Independent System Operator Corporation (CAISO) requesting that the Commission issue an order finding that CAISO should not have imposed Imbalance Energy charges related to a power disruption on August 18, 2013 caused by the Spring Peak fire and to direct CAISO to treat other Uncontrollable Forces going forward as events that do not trigger the imposition of Imbalance Energy charges, as appropriate, and direct it to make any Tariff changes required to clarify this treatment.

The Complainant states that copies of the complaint were served on representatives of the Respondent.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR §§ 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. The Respondent's answer and all interventions, or protests must be filed on or before the comment date. The Respondent's answer, motions to intervene, and protests must be served on the Complainants.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington,

DC. There is an “eSubscription” link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: 5:00 pm Eastern Time on ____, 2014.

Kimberly D. Bose,
Secretary

EXHIBIT A

Declaration of Jeffrey Harms

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Powerex Corp.

v.

California Independent System
Operator Corporation

Docket No. EL14-____-000

Declaration of Jeffrey Harms
on Behalf of
Powerex Corp.

May 28, 2014

1. My name is Jeffrey Harms. I am the Settlements Manager for Powerex Corp. ("Powerex"). My business address is 13th Floor, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8. I have personal knowledge of the matters stated herein.
2. I have reviewed the facts surrounding CAISO's curtailment of certain Powerex schedules on August 18, 2013, and in connection with that examination I have reviewed pertinent voice recordings, e-Tags, correspondence, and other relevant information. I was personally involved in attempting to resolve certain of these matters with the CAISO in the settlements process. The following statements are based on my review.
3. The CAISO awarded Powerex Day Ahead sales of 590 MWh for delivery of energy at NOB in each of hours ending 17 and 18 on August 18, 2013, at a price price of \$46.05/MWh for hour ending 17 and at a price of \$46.45/MWh for hour ending 18.¹
4. Powerex had arranged for firm transmission to effect delivery of its Day Ahead awards to CAISO at NOB. Powerex timely submitted 9 e-Tags on a pre-schedule basis,² which identified the generation source and each transmission service reservation necessary to deliver the energy to CAISO

¹ Powerex was also awarded Day Ahead sales of 34 MWh for delivery at Eldorado, 47 MWh for delivery at Mead and 77 MWh for delivery at Palo Verde for each of hours ending 17 and 18, at an average price of \$48.80/MWh. 119 MWh of the hourly deliveries were scheduled through the Pacific-DC intertie and was subsequently curtailed due to the Spring Peak Fire as described in this Declaration.

² The delivery date of August 18, 2013 was a Sunday. Powerex's prescheduled e-Tags were submitted on either Saturday, August 17, 2013 or Friday, August 16, 2013.

at NOB on hours ending 17 and 18. The relevant e-Tags are attached to Powerex's complaint at Exhibit H.

5. At approximately 4:08pm on August 18, 2013, CAISO curtailed, retroactively to 4:06pm, Powerex's e-Tags delivering energy to the CAISO at NOB (the "Curtailments").³
6. At 4:19 pm PDT, CAISO updated its OASIS site to show that the Curtailed Line Rating for the NOB branch group was 0 MW in both the import direction and the export direction.⁴ At 4:27 pm, CAISO posted an "Urgent" System Operation Message on its OASIS site informing market participants that "[t]here has been a change to the OTC's on the NOB_BG branch group for 08/18/13 HE 17 through 23. Check OASIS for updates."⁵
7. CAISO's curtailments of Powerex's deliveries at NOB were consistent with information from other transmission providers responding to the outage of the Pacific-DC Intertie.⁶
8. As a result of the CAISO's Curtailments at 4:06 pm PDT, 6 minutes after the start of hour ending 17, Powerex was foreclosed from delivering to

³ At approximately 4:12 pm on August 18, 2013, LADWP curtailed, retroactively to 4:06 pm, Powerex's e-Tags delivering energy to CAISO at Eldorado, Mead and Palo Verde scheduled through the Pacific DC Intertie.

⁴ See Exhibit I, CAISO OASIS Transmission Outages.

⁵ See Exhibit J, CAISO OASIS System Operation Messages.

⁶ See Exhibit K, Transcripts of Calls Regarding the Outage of the Pacific DC Intertie on August 18-19, 2013; Exhibit L, Emails to Powerex Reporting Pacific DC Intertie Outage on August 18-19, 2013.

CASIO at NOB 531 MWh for hour ending 17 and 590 MWh for hour ending 18.⁷

9. CAISO later charged Powerex an average effective real-time price of \$787.91/MWh for Instructed Imbalance Energy for the energy Powerex had prescheduled for delivery at NOB, but which CAISO was unable to receive due to the forced outage of the Pacific-DC Intertie caused by the Spring Peak Fire for hour ending 17 on August 18, 2013. CAISO charged Powerex an average effective real-time price of \$880.64/MWh for Instructed Imbalance Energy for the energy Powerex had prescheduled for delivery at NOB, but which CAISO was unable to receive due to the forced outage of the Pacific-DC Intertie caused by the Spring Peak Fire for hour ending 18 on August 18, 2013.
10. I have reviewed and concur in the calculations that are presented herein as to the charges that Powerex incurred related to CAISO's assessment of real-time Imbalance Energy charges on Powerex for the electric energy that CAISO was unable to accept at NOB as a result of the Pacific-DC Intertie derate caused by a fire occurring on August 18, 2013. The real-time Imbalance Energy charges at NOB are \$937,927.33.⁸

⁷ Powerex also was also unable and did not deliver 30.6 MWh and 34 MWh at Eldorado, 42.3 MWh and 47 MWh at Mead, and 34.2 MWh and 38 MWh at Palo Verde for hours ending 17 and 18 respectively due to curtailments on the Pacific-DC Intertie.

⁸ CAISO further charged Powerex real-time Imbalance Energy charges of approximately \$185,467.81 for energy that Powerex was unable to deliver at Eldorado, Mead and Palo Verde for hours ending 17 and 18. In total, CAISO charged Powerex approximately \$1,123,395.14 in real-time Imbalance Energy charges for the energy that Powerex did not and was unable to deliver at NOB, Mead, Palo Verde and Eldorado for hours ending 17 and 18 due the Pacific DC Intertie derate.

11. Powerex submitted a formal dispute as to the charges through the online CAISO settlements dispute process on September 23, 2013. CAISO denied Powerex's requested relief on January 13, 2014. The documentation related to that dispute is attached to Powerex's Complaint at Exhibit E.
12. This concludes my declaration.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION


Powerex Corp.
v.
California Independent System
Operator Corporation

Docket No. EL14-____-000

Declaration of Jeffrey Harms on Behalf of Powerex Corp.

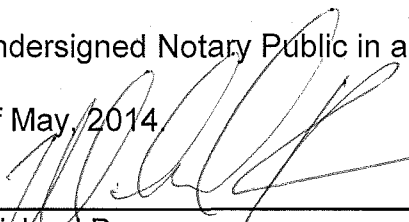
Province of British Columbia)
Canada)

Jeffrey Harms being first duly sworn, deposes and says that he is the same Jeffrey Harms whose declaration is attached hereto; that such declaration was prepared by him; that he is familiar with the contents thereof; that the facts set forth therein are true and correct to the best of his knowledge, information, and belief, and that he does adopt the same as his sworn declaration in this proceeding.



Jeffrey Harms

Subscribed and sworn to before me, the undersigned Notary Public in and for the Province of British Columbia, the 28 day of May, 2014.



Michael Benn
Notary Public in and for the Province of
British Columbia

My Commission expires on N/A

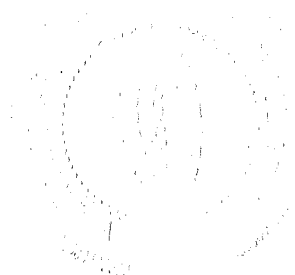


EXHIBIT B

**National Wildfire Coordinating Group,
Spring Peak Fire Incident Information
(last updated Aug. 27, 2013)**

The URL <http://inciweb.org> used to access this site will be INACTIVE after March 1, 2014. The supported URL is <http://inciweb.nwcg.gov>.

[Incidents](#) > [Nevada](#) > [Humboldt - Toiyabe National Forest](#) > [Spring Peak](#)

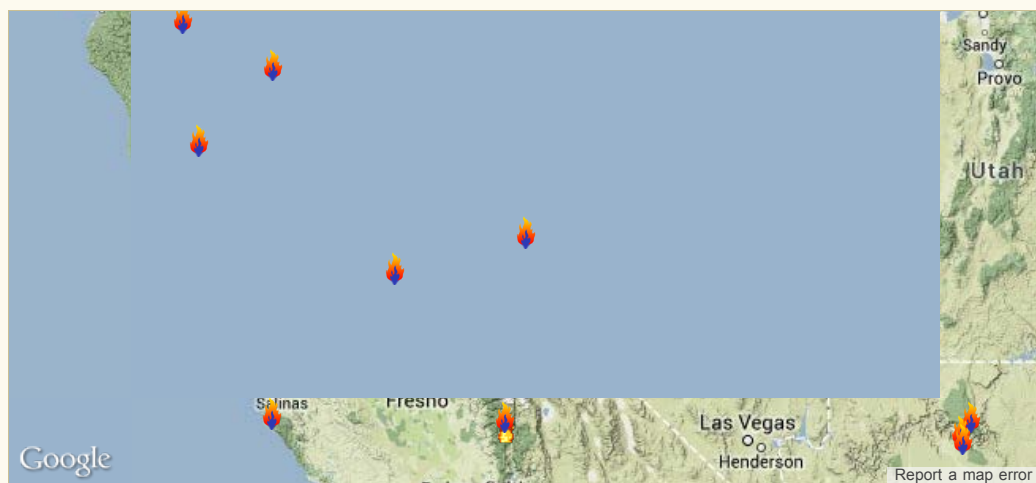
Spring Peak

[Incident Information](#) [Announcements](#) [Closures](#) [News](#) [Photographs](#) [Maps](#)


INCIDENT UPDATED 8/27/2013

Approximate Location

38.263 latitude, -118.25 longitude



UNIT INFORMATION
Humboldt - Toiyabe National Forest
 U.S. Forest Service
 1200 Franklin Way
 Sparks, NV 89431



INCIDENT CONTACT
Humboldt-Toiyabe National Forest
 Phone: 775-331-6444

RECENT ARTICLES

- [Final Update for Spring Peak Fire 8-27-13](#)
News - 8/27/2013
- [Spring Peak Fire Update 8-26-13](#)
News - 8/26/2013
- [Spring Peak Fire Update 8-25-13](#)
News - 8/25/2013
- [Fire Update 8/24/13 Pm](#)
News - 8/24/2013

RELATED INCIDENT LINKS

- [Sierra Front Wildfire Cooperators Facebook Page](#)
- [Sierra Front Disptach Web Page](#)
- [Bodie Park Foudation](#)
- [California State Parks](#)

INCIDENT COOPERATORS

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- [Calfire](#)
- [Nevada Department of Transportation](#)
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Incident Overview

The Spring Peak Fire was first reported on August 18 at approximately 10:39 a.m. Lightning on August 17 is the primary cause. The fire area is located approximately 24-miles southwest of Hawthorne, Nevada, and 12-miles northeast of Mono Lake, California.

Basic Information

Incident Type	Wildfire
Cause	Lightning
Date of Origin	Sunday August 18th, 2013 approx. 10:30 AM
Location	30 miles SW of Hawthorne, NV
Incident Commander	Ryan Stone

Current Situation

Total Personnel	41
Size	14,230 acres
Percent Contained	100%
Estimated Containment Date	Tuesday August 27th, 2013 approx. 06:00 PM
Fuels Involved	Grass, brush, piñon pine and juniper.
Fire Behavior	Minimal to no fire activity.

Outlook

Planned Actions	Monitoring of interior islands will continue as BAER work begins.
Growth Potential	Low
Terrain Difficulty	Medium
Remarks	The Humboldt-Tuiyabe National Forest is now in charge of the fire.

Current Weather

Wind Conditions	35 mph SW
Temperature	78 degrees

Humidity 11%

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EXHIBIT C

National Wildfire Coordinating Group,

Spring Peak Fire News Release

(Aug. 19, 2013)



Select an incident
Select a state

The URL <http://inciweb.org> used to access this site will be INACTIVE after March 1, 2014. The supported URL is <http://inciweb.nwcg.gov>.

[Incidents](#) > [Nevada](#) > [Humboldt - Toiyabe National Forest](#) > [Spring Peak](#) > [News](#) > [Article](#)

Spring Peak News Release

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Fire Update 8/19/2013 AM

Incident: Spring Peak Wildfire
Released: 8/19/2013

News Release
The Sierra Front
Mike Brown Team
Mark Regan
Public Information Officer
Cell (775) 461-6200
mregan@nltfpd.net
August 19, 2013

FOR IMMEDIATE RELEASE

Date Started: 8/17/2013

Cause: Lightning

Total Personnel: 194

Size: Projections potentially put it greater than 5,000 acres

Percent Contained: 0%

Resources: 2 Helicopters;

11 Engines; 7 Crews; 0 Water Tenders

Injuries to Date: 0

Air Support and Ground Crews continue to suppress Spring Peak Fire

MINERAL COUNTY, NV— At 0600 the Sierra Front Type III Incident Management Team led by Incident Commander, Mike Brown, took over management of the Spring Peak.

The Spring Peak Fire was first reported on August 18 at approximately 10:39 a.m. Lightning on August 17 is the primary cause. The fire is burning in light, flashy fuels and is wind-driven. Historical mining structures, the old Aurora townsite and cemetery and the Bodie historical townsite are threatened.

Today, firefighters throughout the region will continue to suppress the Spring Peak Fire. The projections put the fire at potentially 5,000 acres, but the team will be mapping the fire this morning to gather better acreage of the fire and determine the number of outbuildings and structures that are threatened. The crews will focus on creating containment lines, protecting Borealis and Esmeralda mine sites, the historical sites in Aurora and Bodie, also the bi-state sage grouse habitat. At this time, the fire is located approximately 5 miles north east of Bodie. Firefighters have been faced with steep, rocky terrain and changing wind conditions making it a difficult fire to contain. Fire crews will be faced with scattered showers and thunderstorms in the afternoon with wind gusts from 25-30 mph. Scattered showers and thunderstorms are expected throughout the evening. No injuries have been reported.

Onlookers are asked to stay out of the area so fire crews can safely conduct operations and operations are not hindered. Individuals curious about the fire should watch media coverage of the fire or can go to the Sierra Fronts Wildland Cooperators Facebook page for the most up to date information. As a reminder, drivers having to travel on the roadways near the fire are asked to use extra caution as crews and apparatus are still actively working.

Residents are urged to take precautions to avoid health problems related to the smoky conditions caused by the fire. Examples of precautions include: limiting outdoor activities and remain in an air-conditioned environment if possible; if you do not have an air conditioner and if smoke is likely to get inside your house, leave the area until the smoke is completely gone; avoid activities that put extra demand on your lungs and heart; contact your medical provider if you are concerned or your health gets worse. Smoke may worsen symptoms for people who have heart or lung disease, or other pre-existing respiratory conditions such as respiratory allergies, asthma, and chronic obstructive pulmonary disease (COPD). When smoke levels are high enough, even healthy people may experience some of these symptoms.

- ### -

UNIT INFORMATION

Humboldt - Toiyabe National Forest
U.S. Forest Service
1200 Franklin Way
Sparks, NV 89431



INCIDENT CONTACT

Humboldt-Toiyabe National Forest
Phone: 775-331-6444

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- [Calfire](#)
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EXHIBIT D

**Excerpts from California ISO, Department of Market Monitoring,
Q3 2013 Report on Market Issues and Performance
(Nov. 14, 2013)**



California Independent System Operator Corporation

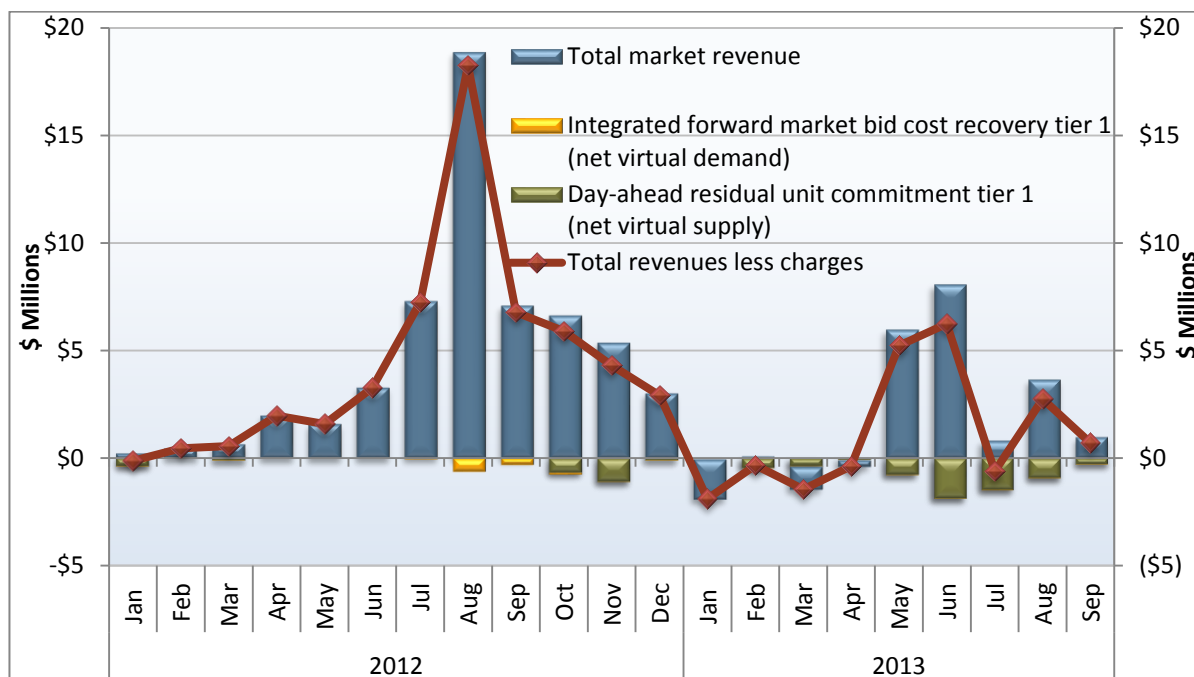
California ISO

Q3 2013 Report on Market Issues and Performance

November 14, 2013

Prepared by: Department of Market Monitoring

Figure E.3 Convergence bidding revenues and costs associated with bid cost recovery tier 1 and residual unit commitment tier 1



Special issues

Market performance during heat waves, wildfires and other events. The ISO market experienced a system-wide heat wave between June 27 and July 3. Overall, the ISO systems and markets performed well under stressed conditions. There were also two wildfires which impacted the grid during other periods. The Rim Fire, one of the largest in California history, started on August 17 and lasted for weeks but had only a minimal impact on grid operations. The Spring Peak Fire impacted the grid on August 18 and 19 and caused outages on some transmission lines, with a significant impact to the Pacific DC Intertie (Path 65). This occurred in conjunction with high loads and resulted in sustained periods of real-time price spikes on these two days. The ISO also experienced software issues that impacted the real-time market for September 17 and 18. These software issues resulted in price corrections for numerous real-time prices.

Effect of cap and trade on ISO markets. Resources in the ISO market became subject to the state's greenhouse gas cap-and-trade program in January 2013. The cost of greenhouse gas allowances in bilateral markets fell in the third quarter to an average of \$13.27/mtCO₂e and ended the quarter at slightly over \$12.00/mtCO₂e.⁴ This is down from the first and second quarter prices, when emission costs averaged \$14.55/mtCO₂e and \$14.59/mtCO₂e, respectively. DMM estimates that these greenhouse gas compliance costs have increased the average wholesale electricity price in 2013 by about \$5.50/MWh. This is consistent with the additional emissions costs for gas units typically setting prices in the ISO market. In addition, the total amount of imports offered to the market decreased for

⁴ mtCO₂e stands for metric tons of carbon dioxide equivalent, a standard emissions measurement.

3 Special Issues

3.1 Market performance during heat waves, wildfires and other events

The ISO market experienced a system-wide heat wave between June 27 and July 3. The ISO systems and markets performed well under stressed conditions.

There were also two wildfires which impacted the ISO grid. The Rim Fire, one of the largest in California history, started on August 17 and lasted for weeks but had only a minimal impact on grid operations. The Spring Peak Fire impacted the grid on August 18 and 19 and caused outages on some transmission lines, specifically impacting the Pacific DC Intertie (Path 65). This occurred in conjunction with high loads and resulted in multiple periods of high real-time prices on these two days.

On September 17, the ISO experienced software issues that affected the real-time market during implementation of the ISO's new network model, which incorporated additions and modifications of new transmission. These software issues resulted in price corrections for numerous real-time intervals on September 17 and 18.

Summer heat wave: June 27 through July 3

Peak loads from June 27 through July 3 were above 40,000 MW, reaching the annual peak for 2013 at 45,058 megawatts on July 1.³⁶ As a preliminary precaution, the ISO issued Flex Alerts for Northern California on July 1 and July 2.³⁷ The ISO also implemented its Restricted Maintenance Operations procedure, where market participants are cautioned to avoid actions that may jeopardize generator or transmission availability.³⁸

During the heat wave, day-ahead market prices averaged around \$59/MWh and real-time prices averaged around \$41/MWh. In contrast to heat waves in previous years, the real-time market did not experience any significant price spikes around \$1,000/MWh and prices reached around \$500/MWh in only a few intervals. However, the real-time market experienced negative prices in several intervals in the early morning. Commitments to meet peak load in the morning ramping hours contributed to the negative prices in the early morning hours.

Overall, the reason for the lower real-time market prices can be attributed to lower actual load in the real-time market compared to forecasted load in the day-ahead market. For instance, peak loads were considerably less than forecast due to a number of contributing factors including cloud cover that reduced the intense heat in the south and on the coast, lower than anticipated temperatures, utility-

³⁶ The ISO's 1-in-2 year forecast for 2013 was 47,413 MW.

³⁷ A Flex Alert is an urgent call to consumers to immediately conserve electricity in the peak hours and shift demand to the hours typically after 6:00 p.m. Flex Alerts are based on the ISO's load forecast and its assessment of potential contingencies, and ideally they are issued a day in advance to give consumers an early notice to take action. For more information see <http://www.flexalert.org/what-is-flex-alert#success>.

³⁸ The Restricted Maintenance Operations procedure is a part of operating procedure 4420 - System Emergency. The procedure requires participating transmission owners, scheduling coordinators and generators obtain permission from the ISO to go ahead with pre-scheduled or planned work, regardless of whether prior approvals were obtained from the ISO. Details of operating procedure 4420 can be found at <http://www.caiso.com/Documents/4420.pdf>.

initiated demand response programs, and the Flex Alert in Northern California.³⁹ Furthermore, day-ahead load was increased by virtual demand positions anticipating tight supply and demand conditions in real time. Accordingly, the real-time market did not face any significant ramping or supply issues and, as a result, there were only a few price surges in the real-time market.

Overall, the hour-ahead market did not have significant issues during the heat wave period, with the exception of June 28. On this day, temperatures and loads throughout the west were extremely high. During the mid-day and afternoon hours, some of the inter-tie imports into the ISO system declined their hour-ahead energy schedules. The decline amounts reached up to 1,000 MW. This created reliability concerns given the large unanticipated decrease in imports and tight overall supply conditions throughout the west. As a result, ISO operators made manual adjustments to the load levels in the hour-ahead market to prevent potential reliability problems from occurring in real time. These adjustments reached up to almost 3,000 MW in hour ending 16.

These load adjustments exacerbated hour-ahead congestion in Northern California. For instance, hour-ahead prices in the PG&E area ranged between \$2,000/MWh and \$4,000/MWh for several intervals from hour ending 13 through hour ending 17, reaching above \$5,000/MWh in a few intervals. During this period, prices in the other areas increased up to \$700/MWh.

August wildfires

Two wildfires in August affected ISO operations. The first one was the Rim Fire which started on August 17. Although it was the third largest wildfire in California history and continued for several weeks, it had minimal overall impact on grid operations.⁴⁰ The Spring Peak Fire affected the grid on August 18 and 19, and caused the loss of one of the major interfaces from the Northwest, the Pacific DC Intertie (Path 65). This transmission line outage, along with high loads, resulted in sustained real-time price spikes in all ISO areas for almost two hours on August 18. Average real-time prices were around \$107/MWh and \$83/MWh on August 18 and 19, respectively. The maximum real-time prices were around \$900/MWh on the 18th and around \$550/MWh on the 19th.

Software issues during model implementation

The ISO experienced software issues that impacted the real-time market for September 17 and 18. The issues were related to implementation of the new network model for the September 19 release date. During the transition to this new model, a software issue caused incorrect mapping of market data which resulted in invalid market results. These issues affected the real-time market from hour ending 21 on September 17 through hour ending 5 on September 18 and hour ending 21 through 24 on September 18. Prices for the real-time market were corrected by the ISO price validation team. The ISO resolved the software issues for the day-ahead market results prior to publication for these trade dates.

³⁹ The utilities estimated a decrease of around 400 MW in load on average during the afternoon peak hours as a result of demand response programs during this period.

⁴⁰ Although there were concerns of the potential for significant issues, the fire did not have an immediate or lasting negative impact on the Hetch Hetchy electric or water supply for San Francisco.

EXHIBIT E

**Documentation of Settlement Dispute Submitted to CAISO
(Sept. 23, 2013)**

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Case: 00137857

Case Number	00137857	Account Name	PowerEx
Status	Closed	SCID	PWRX
Status Reason		BA_ID	3112
Type	SDS		

Dispute Information

Charge Code	6470	Dispute Amount	\$1,123,395.14
Charge Code Name	Real Time Instructed Imbalance Energy Settlement	Settlement Run #	20130830110
Trade Date	8/18/2013	Statement Disputed	T+12B Recalc
Trade Hours	17; 18	Statement Publication Date	9/18/2013
		Placeholder Request	<input type="checkbox"/>

Description Information

Case Reason Other
Description Powerex is disputing the amount of \$1,123,395.14 under CC 6470 for August 18th HE17 – HE18 for the following resources IDs:

Transaction Point Total MW Dollars
 PWRX_ELDORADO230_I_F_DA0001 64.58 53,334.67
 PWRX_MEAD230_I_F_DARA01 89.33 73,627.81
 PWRX_NOB_I_F_DA0001 950.00 794,853.66
 PWRX_NOB_I_F_DA0003 57.00 47,691.23
 PWRX_NOB_I_F_DARA01 114.00 95,382.44
 PWRX_PVWEST_I_F_DARA01 72.17 58,505.33
 1,347.08 1,123,395.14

Section 14 of the Tariff provides that a market participant shall not be considered in default of any Tariff obligation if prevented from fulfilling that obligation due to an Uncontrollable Force, defined as:

“Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the CAISO or Market Participant which could not be avoided through the exercise of Good Utility Practice.”

Powerex was prevented from delivering on its Day Ahead schedule due to a fire taking the NOB intertie out of service (see attachments). Section 14 specifically identifies fires as beyond the reasonable control of a Market Participant. Powerex should not be assessed a charge for Uninstructed Imbalance Energy charges for failure to deliver on August 18th.

An analogous situation occurred 2011 under Docket No. ER12-205-000, where the CAISO sought approval from the Commission for actions that it took after a transmission line connecting Arizona with the CAISO market tripped offline. Because generators were rendered inoperable as a result of the line trip and were unable to perform in accordance with their Day-Ahead schedules, CAISO explained it normally would assess a charge for Uninstructed Imbalance Energy pursuant to Section 11.5.2. However in this docket, the CAISO took the view that the loss of the transmission line constituted an Uncontrollable Force within the meaning of Section 14 such that the generators should be relieved of their obligation to perform in accordance with their Day-Ahead schedules and held harmless from any imbalance charges pursuant to Section 11.5.2.

Powerex believes the same treatment should be applied to these Day Ahead schedules due to the fires that resulted in a loss of the DC transmission line and that Powerex should be held harmless from any imbalance charges pursuant to Section 11.5.2

Resolution Dispute Denied. The ISO researched the data relating to the referenced event, the additional cited event and evaluated them as per the language of the ISO tariff. The ISO believes that the facts and circumstances of the event on August 18th, 2013 are distinguishable from the event on September 8th, 2011 that Powerex cited as an analogous situation. Consequently, the relief cited for the September 8th, 2011 event does not necessarily apply to the event that occurred on August 18th, 2013. Additionally, the event on August 18th, 2013 is indistinguishable from other similar transmission derate events caused by wildfires that have occurred regularly throughout the ISO's history. A review of the ISO tariff finds that it does not contain a settlement remedy for these specific circumstances other than the one used to calculate the Uninstructed Imbalance Energy charges in dispute. Consequently, no settlement adjustment will be made.

Response Information

Dispute Determination	Denied	Adjustment Made	<input type="checkbox"/>
Determination Reason	Settlements Accurate	Estimated Adjusted Amount	
Placeholder Approved		Adjustment Publication Date	
Placeholder Expiration		Correction Statement	

Contact Information

Contact Name	Sarah Starr	Contact Email	sarah.starr@powerex.com
Contact Phone			

System Information

Date/Time Opened	9/23/2013 2:42 PM	Date/Time Closed	1/13/2014 9:45 AM
Created By	Sarah Starr, 9/23/2013 2:42 PM	Last Modified By	Uma Ramanathan, 1/13/2014 9:45 AM
		Subject	Settlement Dispute

Comments

Public Comment

Created By: Uma Ramanathan(10/28/2013 7:02 PM) CAISO is still reviewing this issue with internal SME's and will not be able to make corrections on T+55B settlement statement. If corrections required, we will make it to the next settlement statement. Please let us know if you have any questions. Thanks.

Created By: Sarah Starr(9/30/2013 10:16 AM) Yes Tiffany you are right it is suppose to be August 18, 2013.

Created By: Tiffaney Borchardt(9/25/2013 1:45 PM) Hi Sarah, I think you are disputing trade date 8/18/2013, not 8/30/2013 (The identified Trade date). Can you please confirm? thanks.

Attachments

Action	File Name	Size	Last Modified	Created By
View	PDCI (PATH 65).msg	35840 bytes	9/23/2013 2:44 PM	Sarah Starr
View	LADWP PATH 65 (PDCI) REMAINS OUT TILL CREWS ON SCENE .msg	31232 bytes	9/23/2013 2:43 PM	Sarah Starr
View	PDCI PATH 65.msg	39936 bytes	9/23/2013 2:43 PM	Sarah Starr

Contact Information

Contact Owner	Provision API	Client Employee Role	
Name	Sarah Starr	LDAP UID	XSSTARR112566
Account Name	PowerEx		
LDAP User	<input checked="" type="checkbox"/>		

Additional Information

Last Stay-in-Touch Request Date
 Last Stay-in-Touch Save Date

System Information

Created By	Provision API, 7/10/2012 2:44 PM	Last Modified By	Provision API, 7/10/2012 2:44 PM
Custom Links	Google Search	Google Maps	Send Gmail
	Yahoo! Weather		

EXHIBIT F

**California ISO,
Administrative Pricing Rules Issue Paper
(July 25, 2012)**



Administrative Pricing Rules

Issue Paper

July 25, 2012

California ISO

Administrative Pricing Rules

Table of Contents

1	Executive Summary	3
2	Plan for Stakeholder Engagement	3
3	Background.....	4
4	Scope of Initiative.....	4
4.1	Market Suspension during System Emergency.....	4
4.2	Settlement during Market Suspension or Force Majeure Events	5
4.3	Communication Improvements	5
5	Next Steps	5
	Appendix A	6

California ISO**1 Executive Summary**

On June 13, 2012, FERC granted the ISO's petition to waive tariff provisions relating to setting administrative prices and settling real time market transactions in response to the September 8, 2011 southwest power outage. The order accepted the ISO's commitment to convene a stakeholder process, within 30 days from the date of the order, to examine tariff provisions regarding the ISO's emergency tariff authority. The proposed scope of the initiative is:

1. What conditions justify market suspension?
2. Should the ISO have the ability to split the market into regions so that the entire market does not need to be suspended during a regional event?
3. Should the ISO have the authority to establish an administrative price that is different from the current default value currently which is the last valid price in the market prior to intervention or suspension?
4. If so, how should the ISO determine the appropriate administrative price?
5. What considerations warrant adjustments to the administrative price rather than returning to the default administrative price?
6. What hold harmless provisions should be established for tripped load, physical resources and convergence bidders during market suspension or force majeure events?
7. Is there a need to provide more clarity concerning the definition of a force majeure event and any actions the market participant or ISO must take and the settlement consequences?
8. Does the ISO need to improve its communication protocols to scheduling coordinators and resource owners and operators.
9. Should the ISO impose penalties on owners, operators and/or scheduling coordinators for failing to respond in a timely way to exceptional dispatches or operating orders in emergency conditions?
10. Should convergence bidding be suspended until some period of time after system restoration?
11. What other changes to the ISO's emergency tariff provisions should be considered?
12. Other clarifications based on stakeholder comments to issue paper.

2 Plan for Stakeholder Engagement

Item	Date
Post Issue Paper	July 25, 2012
Stakeholder Conference Call	August 1, 2012
Stakeholder Comments Due	August 9, 2012
Post Straw Proposal	September 12, 2012
Stakeholder Meeting	September 19, 2012
Stakeholder Comments Due	September 26, 2012
Post Draft Final Proposal	October 18, 2012
Stakeholder Conference Call	October 25, 2012
Stakeholder Comments Due	November 1, 2012
Board Meeting	December 13-14, 2012

California ISO**3 Background**

On June 13, 2012, FERC granted the ISO's petition to waive tariff provisions relating to setting administrative prices and settling real-time market transactions in response to the September 8, 2011 southwest power outage¹. The order accepted the ISO's commitment to convene a stakeholder process, within 30 days from the date of the order, to examine tariff provisions regarding the ISO's emergency tariff authority.

FERC found that the administrative prices established by the ISO to set price signals in order to manage the emergency (initially \$250, which was later reduced to \$100 per MWh) were not authorized by the tariff. Section 7.7.4(3) explicitly sets the administrative price at the level of the applicable price for the last valid settlement period which in the SDG&E area, for example, was \$54 per MWh. FERC disagreed with the ISO that the discretion provided in section 7.7.2 to take any action it "considers necessary" relieves the ISO of its requirement to comply with section 7.7.4(3) when setting the administrative price. FERC concluded that section 7.7.4(3) should be read in conjunction with section 7.1.3(h) that confers upon the ISO general authority to operate resources in a system emergency and that, if section 7.7.2 could be read as expansively as the ISO argued, then the ISO would have virtually unfettered discretion to justify any action or behavior in an emergency situation.

FERC also granted a tariff waiver to permit the ISO to hold tripped load and resources harmless; however, FERC declined to decide whether the September 8 southwest power outage constituted a force majeure event.

FERC believes that the ISO's commitment to revise this tariff language to avoid confusion in the event of a similar emergency or market disruption in the future through an upcoming stakeholder process, will address this issue going forward. Accordingly, FERC granted the ISO's request for waiver of section 7.7.4(3) in order to allow the \$250 per MWh and \$100 per MWh administrative prices and the waiver to hold tripped load and resources harmless.

4 Scope of Initiative**4.1 Market Suspension during System Emergency**

Tariff section 7.7 outlines the management of system emergencies. The ISO proposes to amend this tariff section and other sections, if necessary, (1) to clarify and supplement the ISO's authority during system emergencies to take the actions it took on September 8-9 and to clarify authority or to take such additional actions, including the assessment of penalties, as may be necessary manage market disruptions and (2) to consider stakeholder comments submitted to FERC in response to the ISO's waiver petition.²

Among the questions to be addressed are the following: Are additional criteria needed to beyond what is already included in section 7.7.1 to determine when the market can be suspended? Should clarity be added to section 7.7.2 regarding both the ISO and market responsibilities during market suspensions? What changes are necessary to section 7.7.4,

¹ The FERC order is available at <http://www.ferc.gov/EventCalendar/Files/20120613122539-ER12-205-000.pdf>

² Substantive comments were filed in Docket ER12-205-00 by Powerex Corp., NRG Companies, Morgan Stanley Capital Group Inc., Financial Marketers, Western Power Trading Forum, California Department of Water Resources State Water Project, and Macquarie Energy LLC. The comments are available at <http://www.ferc.gov/docs-filing/elibrary.asp>.

California ISO

regarding administrative prices, in order to allow the ISO set the administrative price different than the last valid interval market price? When and what criteria should be used to set the administrative price outside of the market? Should administrative prices be set regionally and/or should ISO apply administrative prices in regions where a market result in infeasible?

The ISO has attached Tariff Section 7.7 as Appendix A.

4.2 Settlement during Market Suspension or Force Majeure Events

This stakeholder process will also consider new provisions for the settlement of load, physical supply, interties, and convergence bidders when the market is suspended during system emergencies. Should market rules remedy inconsistencies between the administrative price and market participants' bid prices? If a remedy is required, should the remedy be implemented through hold harmless provisions or make-whole payments? Should bid cost recovery rules change during market suspension such that both imports and exports are eligible for bid cost recovery?

4.3 Communication Improvements

Stakeholders stated that CAISO needs clearer communication channels or standing default tariff provisions so that market participants know whether the information the ISO releases during a similar system emergency is valid. For example, are verbal dispatch instructions mandatory or voluntary during market suspension when the instruction may be inconsistent with the entities' bids? Assuming the market rules are sufficiently explicit should penalties be considered for not following instructions during a market suspension? The communication improvements should result in additional tariff provision as well as improvement to BPM documentation.

5 Next Steps

The ISO will discuss the Issue Paper with stakeholders during a teleconference to be held on August 1, 2012. Stakeholders should submit written comments by August 9, 2012 to AdminPricing@caiso.com.

California ISO**Appendix A****7.7 Management Of System Emergencies****7.7.1 System Emergency**

When, in the judgment of the CAISO, the System Reliability of the CAISO Controlled Grid is in danger of instability, voltage collapse or under-frequency caused by transmission or Generation trouble in the CAISO Balancing Authority Area, or events outside of the CAISO Balancing Authority Area that could result in a cascade of events throughout the WECC grid, the CAISO will declare a System Emergency. This declaration may include a notice to suspend the Day-Ahead Market, HASP and Real-Time Markets, authorize full use of Black Start Generating Units, initiate full control of manual Load Shedding, and authorize the curtailment of Curtailable Demand (even though not scheduled as an Ancillary Service). The CAISO will reduce the System Emergency declaration to a lower alert status when it is satisfied, after conferring with Reliability Coordinators within the WECC, that the major contributing factors have been corrected, and all involuntarily interrupted Demand is back in service (except interrupted Curtailable Demand selected as an Ancillary Service). This reduction in alert status will reinstate the competitive markets if they have been suspended.

7.7.2 Emergency Procedures

In the event of a System Emergency, the CAISO shall take such action as it considers necessary to preserve or restore stable operation of the CAISO Controlled Grid. The CAISO shall act in accordance with Good Utility Practice to preserve or restore reliable, safe and efficient service as quickly as reasonably practicable. The CAISO shall keep system operators in adjacent Balancing Authority Areas informed as to the nature and extent of the System Emergency in accordance with WECC procedures and, where practicable, shall additionally keep the Market Participants within the Balancing Authority Area informed.

7.7.2.1 Declarations of System Emergencies

The CAISO shall, when it considers that conditions giving rise to a System Emergency exist, declare the existence of such System Emergency. A declaration by the CAISO of a System Emergency shall be

California ISO

binding on all Market Participants until the CAISO announces that the System Emergency no longer exists.

7.7.2.2 Responsibilities of UDCs and MSSs Operators During a System Emergency

In the event of a System Emergency, UDCs shall comply with all directions from the CAISO concerning the management and alleviation of the System Emergency and shall comply with all procedures concerning System Emergencies set out in this CAISO Tariff, the Business Practice Manuals, and the Operating Procedures, and each MSS Operator shall comply with all directions from the CAISO concerning the avoidance, management and alleviation of the System Emergency and shall comply with all procedures concerning System Emergencies set forth in the CAISO Tariff, Business Practice Manuals and Operating Procedures. During a System Emergency, the CAISO and UDCs shall communicate through their respective control centers and in accordance with procedures established in individual UDC Operating Agreements, and the CAISO and the MSS Operator shall communicate through their respective control centers and in accordance with procedures established in the MSS Agreement.

7.7.2.3 Responsibilities of Generating Units, System Units and System Resources During System Emergencies

All Generating Units and System Units that are owned or controlled by a Participating Generator are (without limitation to the CAISO's other rights under this CAISO Tariff) subject to control by the CAISO during a System Emergency and in circumstances in which the CAISO considers that a System Emergency is imminent or threatened. The CAISO shall, subject to this Section 7, have the authority to instruct a Participating Generator to bring its Generating Unit on-line, off-line, or increase or curtail the output of the Generating Unit and to alter scheduled deliveries of Energy and Ancillary Services into or out of the CAISO Controlled Grid, if such an instruction is reasonably necessary to prevent an imminent or threatened System Emergency or to retain Operational Control over the CAISO Controlled Grid during an actual System Emergency. The CAISO shall have the authority to instruct an RMR Unit whose owner has selected Condition 2 of its RMR Contract to start-up and change its output if the CAISO has reasonably used all other available and effective resources to prevent a threatened System Emergency without declaring that a System Emergency exists. If the CAISO so instructs a Condition 2 RMR Unit, it shall compensate that unit in accordance with Section 11.5.6.3 and allocate the costs in accordance with

California ISO

Section 11.5.6.3.2. Each QF subject to an existing agreement with a Participating TO for the supply of Energy to the Participating TO and not subject to a QF PGA will make reasonable efforts to comply with the CAISO's instructions during a System Emergency without penalty for failure to do so.

7.7.3 Notifications By CAISO Of System Conditions

The CAISO will provide the following notifications to Market Participants to communicate unusual system conditions or emergencies.

7.7.3.1 System Alert

CAISO will give an AWE Notice of a system alert when the operating requirements of the CAISO Controlled Grid are marginal because of Demand exceeding forecast, loss of major Generation or loss of transmission capacity that has curtailed imports into the CAISO Balancing Authority Area, or if it otherwise appears that there is insufficient Energy and Ancillary Services to meet Real-Time Demand in the CAISO Balancing Authority Area.

7.7.3.2 System Warning

The CAISO will give an AWE Notice of a system warning when the operating requirements for the CAISO Controlled Grid are not being met in the HASP or Real-Time Market, or the quantity of Regulation, Spinning Reserve, Non-Spinning Reserve, and Energy available to the CAISO is not acceptable for the Applicable Reliability Criteria. This system warning notice will notify Market Participants that the CAISO will, acting in accordance with Good Utility Practice, take such steps as it considers necessary to ensure compliance with Applicable Reliability Criteria, including the negotiation of Generation through processes other than competitive Bids.

7.7.4 Intervention In CAISO Market Operations

The CAISO may intervene in the operation of the CAISO Markets and set the Administrative Price, if the CAISO determines that such intervention is necessary in order to prevent, contain or correct a System Emergency as follows.

California ISO

- (1) The CAISO will not intervene in the operation of the Day-Ahead Market unless there has been a total or major collapse of the CAISO Controlled Grid and the CAISO is in the process of restoring it. The CAISO shall, where reasonably practicable, utilize Ancillary Services which it has the contractual right to instruct and which are capable of contributing to containing or correcting the actual, imminent or threatened System Emergency prior to issuing instructions to a Participating Generator under Section 7.7.2.3. In the event that the CAISO has exhausted all Economic Bids in the IFM, the CAISO shall use the scheduling priorities listed in Section 31.4 to clear the IFM.
- (2) Before any such intervention the CAISO must (in the following order):
 - (a) dispatch all Supply Bids offered or available to it regardless of price (including all Energy Bids and Ancillary Services Bids);
 - (b) dispatch all interruptible Loads made available by UDCs to the CAISO in accordance with the relevant agreements with UDCs;
 - (c) dispatch or curtail all price-responsive Demand that has been bid into the Day-Ahead Market and exercise its rights under all Load curtailment contracts available to it;
 - (d) exercise Load Shedding to curtail Demand on an involuntary basis to the extent that the CAISO considers necessary.
- (3) The Administrative Price in relation to each of the markets for Imbalance Energy and Ancillary Services shall be set at the applicable price in the Settlement Period immediately preceding the Settlement Period in which the intervention took place.
- (4) The intervention will cease as soon as the CAISO has restored all Demand that was curtailed on an involuntary basis.

7.7.5 Emergency Guidelines

The CAISO shall issue guidelines for all Market Participants to follow during a System Emergency. These guidelines shall be consistent with the specific obligations of Scheduling Coordinators and Market

California ISO

Participants referenced in Sections 7.7.10, 7.7.11, 7.7.2, 7.7.2.3 and 7.7.4(1). All Market Participants shall respond to CAISO Dispatch Instructions with an immediate response during System Emergencies.

7.7.5.1 The CAISO shall in accordance with this Section 7.7.5 implement the Electrical Emergency Plan in consultation with the UDCs, the MSS Operators, or other entities, at the CAISO's discretion, when Energy reserve margins are forecast to be at the levels specified in the plan.

7.7.5.2 Each UDC and MSS Operator will notify its End-Use Customers connected to the UDC's or the MSS's Distribution System of any voluntary curtailments notified to the UDC or to the MSS Operator by the CAISO pursuant to the provisions of the EEP.

7.7.6 Periodic Tests Of Emergency Procedures

The CAISO shall develop and administer periodic unannounced tests of System Emergency procedures. Such tests shall be designed to ensure that the CAISO Market Participants are capable of promptly and efficiently responding to imminent or actual System Emergencies.

7.7.7 Prioritization Schedule For Shedding And Restoring Load

On an annual basis, the CAISO shall, in consultation with Market Participants and subject to the provisions of Section 3, develop a prioritization schedule for Load Shedding should a System Emergency require such action. The prioritization schedule shall also establish a sequence for the restoration of Load in the event that multiple Scheduling Coordinators or Market Participants are affected by service interruptions and Load must be restored in blocks. For Load shed in accordance with Section 7.7.11.4.2, the prioritization schedule will only include those UDCs or MSS Operators that have Scheduling Coordinators that have failed to submit Bids with sufficient resources to meet the Load in the UDC or MSS Service Area. For Load shed in accordance with Section 7.7.11.4.3, the prioritization schedule will include all UDCs and MSS Operators.

7.7.8 Under Frequency Load Shedding (UFLS)

7.7.8.1 Each UDC's UDCOA with the CAISO and each MSS Agreement through which the MSS Operator undertakes to the CAISO to comply with the provisions of the CAISO Tariff shall describe the UFLS program for that UDC or for that MSS.

California ISO**7.7.9 [NOT USED]****7.7.10 Further Obligations Relating To System Emergencies**

The CAISO and Participating TOs shall comply with their obligations in Section 9 of the TCA.

7.7.11 Use Of Load Curtailment Programs**7.7.11.1 Use of UDC's Existing Load Curtailment Programs**

As an additional resource for managing System Emergencies, the CAISO will, subject to Section 3, notify the UDCs when the conditions to implement their Load curtailment programs have been met in accordance with their terms. The UDCs will exercise their best efforts, including seeking any necessary regulatory approvals, to enable the CAISO to rely on their curtailment rights at specified levels of Operating Reserve. Each UDC shall by not later than October 1 of each year advise the CAISO of the capabilities of its Load curtailment programs for the forthcoming year, and the conditions under which those capabilities may be exercised, and shall give the CAISO as much notice as reasonably practicable of any change to such programs.

7.7.11.2 Load Curtailment

A Scheduling Coordinator may specify that Loads will be reduced at specified prices or, pursuant to a Participating Load Agreement, offer the right to exercise Load curtailment to the CAISO as an Ancillary Service or utilize Load curtailment itself (by way of self-provision of Ancillary Services) as Non-Spinning Reserve. The CAISO, at its discretion, may require direct control over such Curtailable Demand to assume response capability for managing System Emergencies. However, non-firm Loads shall not be eligible to provide Curtailable Demand if they are receiving incentives for interruption under existing programs approved by a Local Regulatory Authority, unless: a) participation in the CAISO's Ancillary Services markets is specifically authorized by such Local Regulatory Authority, and b) there exist no contingencies on the availability, nor any unmitigated incentives encouraging prior curtailment, of such interruptible Load for Dispatch as Curtailable Demand as a result of the operation of such existing program. The CAISO may establish standards for automatic communication of curtailment instructions to implement Load curtailment as a condition for accepting any offered Load curtailment as an Ancillary Service.

California ISO

7.7.11.3 The CAISO shall have the authority to direct a UDC or an MSS Operator to disconnect Load from the CAISO Controlled Grid if necessary to avoid an anticipated System Emergency or to regain Operational Control over the CAISO Controlled Grid during an actual System Emergency. The CAISO shall direct the UDC or the MSS Operator to shed Load in accordance with the prioritization schedule developed pursuant to Section 7.7.7. When CAISO Controlled Grid conditions permit restoration of Load, the CAISO shall restore Load according to the prioritization schedule developed pursuant to Section 7.7.7. The MSS Operator shall restore Load internal to the MSS.

7.7.11.4 Load Shedding**7.7.11.4.1 [NOT USED]**

7.7.11.4.2 If the CAISO forecasts in advance of the HASP that Load curtailment will be necessary due to a resource deficiency as determined pursuant to Section 40.7, the CAISO will identify any UDC or MSS Service Area that is resource deficient. The CAISO will provide notice to all Scheduling Coordinators if one or more UDC or MSS is deficient. If Load curtailment is required to manage a System Emergency associated with a resource deficiency determined pursuant to Section 40.7, the CAISO will determine the amount and location of Load to be curtailed and will allocate a portion of that required Load curtailment to each UDC or MSS Operator whose Service Area has been identified as being resource-deficient based on the ratio of its resource deficiency to the total Balancing Authority Area resource deficiency. Each UDC or MSS Operator shall be responsible for notifying its customers and Generators connected to its system of curtailments and service interruptions.

7.7.11.4.3 If a Load curtailment is required to manage System Emergencies, in any circumstances other than those described in Section 7.7.11.4.2, the CAISO will determine the amount and location of Load to be reduced and to the extent practicable, will allocate a portion to each UDC or MSS Operator based on the ratio of its Demand (at the time of the Balancing Authority Area annual peak for the previous year) to total Balancing Authority Area annual peak Demand for the previous year taking into account system considerations and the UDC's or MSS Operator's curtailment rights under their tariffs. Each UDC or MSS Operator shall be responsible for notifying its customers and Generators connected to its system of curtailments and service interruption.

California ISO**7.7.12 Curtailment Under Emergency And Non-Emergency Conditions****7.7.12.1 Emergency Conditions**

To the extent practicable, the CAISO shall allocate necessary curtailments of Existing Rights or non-Converted Rights under emergency conditions in accordance with the instructions submitted by the Responsible PTO pursuant to Section 16. If circumstances prevent the CAISO's compliance with such instructions, the CAISO shall allocate such curtailments in a non-discriminatory manner consistent with Good Utility Practice.

7.7.12.2 Non-Emergency Conditions

Unless otherwise specified by the Responsible PTO in the instructions that it submits to the CAISO under Section 16, the CAISO will allocate any necessary curtailments under non-emergency conditions, pro rata, among holders of Existing Rights, at particular Scheduling Points and/or on particular contract paths, in the order of: (1) non-firm, (2) each priority of conditional firm, and (3) each priority of firm rights. Priorities for firm and conditional firm transmission service are indicated using the TRTC Instructions as described in Section 16.

7.7.13 System Emergency Reports And Sanctions**7.7.13.1 Review of Major Outages**

The CAISO with the cooperation of any affected UDC shall jointly perform a review following a major Outage that affects at least ten (10) percent of the Load served by the Distribution System of a UDC or any Outage that results in major damage to the CAISO Controlled Grid or to the health and safety of personnel. The review shall address the cause of the Outage, the response time and effectiveness of emergency management efforts, and whether the operation, maintenance or scheduling practices of the CAISO, any Participating TOs, Eligible Customers, UDCs or Participating Generators enhanced or undermined the ability of the CAISO to maintain or restore service efficiently and in a timely manner.

7.7.13.2 Provide Information to Review Outages

Participating TOs, Participating Generators, Eligible Customers, Scheduling Coordinators and UDCs shall promptly provide information requested by the CAISO to review Outages pursuant to Section 7.7.13.1

California ISO

and to prepare Outage reports. The CAISO shall seek the views of any affected Participating TOs, Participating Generators, Eligible Customers, Scheduling Coordinator or UDCs and allow such affected Participating TOs, Participating Generators, Eligible Customers, Scheduling Coordinators or UDCs to comment on any issues arising during the preparation of a report. All findings and reports arising from the CAISO's review shall be shared with Participating TOs, Participating Generators, Eligible Customers and UDCs.

7.7.13.3 [NOT USED]**7.7.14 CAISO Facilities And Equipment****7.7.14.1 CAISO Facility and Equipment Outages**

The CAISO has installed redundant control centers, communication systems and computer systems. Most, but not necessarily all, equipment problems or failures should be transparent to Market Participants. This Section 7.7.14.1 addresses some situations when Market Participants could be affected, but it is impossible to identify and plan for every type of equipment problem or failure. Real-Time situations will be handled by the Real-Time CAISO dispatchers. The CAISO control room in Folsom is the Primary CAISO Control Center and the CAISO control room in Alhambra is the Backup CAISO Control Center.

7.7.14.2 CAISO's Secure Communication System Unavailable**7.7.14.2.1 Unavailable Critical Functions of CAISO's Secure Communication System**

During a total disruption of the CAISO's secure communication system several critical functions of the CAISO will not be available including:

- (a) the CAISO's scheduling infrastructure computer systems will not be able to communicate with Scheduling Coordinators to receive any type of updated Bid or Schedule information;
- (b) the CAISO's scheduling infrastructure computer systems will not be able to communicate Congestion Management information and Schedule changes to the Scheduling Coordinators; and

California ISO

- (c) the CAISO will not be able to communicate general information, including emergency information, to any Market Participants.

7.7.14.2.2 Communications during Unavailability of CAISO's Secure Communication System

During any period of CAISO's secure communication system unavailability, the CAISO shall:

- (a) make all reasonable efforts to keep Market Participants aware of current CAISO Controlled Grid status using voice communications;
- (b) use the most recent set of Day-Ahead Schedules, RUC Schedules, AS Awards, HASP Intertie Schedules, and Dispatch Instructions for each Scheduling Coordinator for the current and all future Settlement Periods and/or Trading Days until the CAISO's secure communication system is restored; and
- (c) attempt to take critical Bids, including ETC and TOR Self-Schedules changes, from Scheduling Coordinators via voice communications as time and personnel availability allows.

7.7.14.2.3 Primary CAISO Control Center – Loss of all Voice Communications

In the event of loss of all voice communication at the Primary CAISO Control Center, the Primary CAISO Control Center will use alternate communications to notify the Backup CAISO Control Center of the loss of voice communications. The Backup CAISO Control Center will post information on the situation on the CAISO's secure communication system. Additional voice notifications will be made as time permits.

Once voice communications have been restored to the Primary CAISO Control Center, the CAISO will post this information on the CAISO's secure communication system.

7.7.14.2.4 Primary CAISO Control Center – Control Center Completely Unavailable

In the event that the Primary CAISO Control Center becomes completely unavailable, the Primary CAISO Control Center will use alternate communications to notify the Backup CAISO Control Center that the Primary CAISO Control Center is unavailable. The Backup CAISO Control Center will post information on the situation on the CAISO's secure communication system. Additional voice notifications will be made as time permits.

California ISO

The Backup CAISO Control Center will post confirmation on the CAISO's secure communication system that all computer systems are functioning normally (if such is the case) and take complete control of the CAISO Controlled Grid. The Backup CAISO Control Center will notify the single point of contact at the transmission operations center of Pacific Gas and Electric Company by direct voice communication of the situation.

Once the Primary CAISO Control Center is again available, all functions will be transferred back, and the Primary CAISO Control Center will notify all Market Participants via the CAISO's secure communication system.

**7.7.14.2.5 Primary CAISO Control Center - CAISO Energy Management System (EMS)
Unavailable**

Should an outage occur to the redundant EMS computer systems in the Primary CAISO Control Center, an auto transfer should occur to transfer EMS operation to the redundant EMS back up computers at the Backup CAISO Control Center. Due to the severity of a total CAISO EMS computer outage, the Primary CAISO Control Center will post information on the CAISO's secure communication system that the Primary CAISO Control Center EMS computer is unavailable and that EMS control has been transferred to the Backup CAISO Control Center.

When the Primary CAISO Control Center EMS computer is restored, the Backup CAISO Control Center will initiate a transfer back of the EMS system to the Primary CAISO Control Center. The Primary CAISO Control Center will post information on the restored EMS computer system status on the CAISO's secure communication system.

7.7.14.2.6 Backup CAISO Control Center – Loss of all Voice Communications

In the event of a loss of all voice communications at the Backup CAISO Control Center, the Backup CAISO Control Center will use alternate communications to notify the Primary CAISO Control Center of the loss of voice communications. The Primary CAISO Control Center will post information on the situation via the CAISO's secure communication system. Additional voice notifications will be made as time permits. Once voice communications have been restored to the Backup CAISO Control Center, the Primary CAISO Control Center will post this information on the CAISO's secure communication system.

California ISO**7.7.14.2.7 Backup CAISO Control Center – Control Center Completely Unavailable**

In the event that the Backup CAISO Control Center becomes completely unavailable, the Backup CAISO Control Center will use alternate communications to notify the Primary CAISO Control Center that the Backup CAISO Control Center is unavailable. The Primary CAISO Control Center will post information on the situation on the CAISO's secure communication system. Additional voice notifications will be made as time permits.

The Primary CAISO Control Center will post confirmation on the CAISO's secure communication system that all computer systems are functioning normally (if such is the case) and take complete control of the CAISO Controlled Grid. The Primary CAISO Control Center will notify the grid control center of Southern California Edison Company by direct voice communications of the situation.

Once the Backup CAISO Control Center is again available, all functions will be transferred back, and the Backup CAISO Control Center will notify all Market Participants via the CAISO's secure communication system.

7.7.14.2.8 Use of IOUs' Energy Control Center Computers

The CAISO and the IOUs will comply with the procedures for the utilization by the CAISO of the IOUs' Energy control center computers when developed. The CAISO will post such procedures on the CAISO's secure communication system when agreed.

7.7.15 System Operations In The Event Of A Market Disruption**7.7.15.1 Actions in the Event of a Market Disruption, to Prevent a Market Disruption or to minimize the Extent of a Market Disruption**

The CAISO may take one or more of the following actions in the event of a Market Disruption, to prevent a Market Disruption, or to minimize the extent of a Market Disruption:

- (a) postpone the closure of the applicable CAISO Market;
- (b) remove Bids, including Self-Schedules, that have resulted in a Market Disruption previously;

California ISO

- (c) close the applicable CAISO Market and manually copy Bids, including Self-Schedules, from the previous day or other applicable market period;
- (d) close the applicable CAISO Market and use submitted Bids, including Self-Schedules, to the extent possible;
- (e) cancel the applicable CAISO Market, in which case import/export schedules shall be determined by submittal of E-Tags;
- (f) utilize Administrative Prices to settle metered Supply and Demand;
- (g) utilize Exceptional Dispatch and issue operating orders for resources to be committed and dispatched to meet Demand; and
- (h) suspend or limit the ability of all Scheduling Coordinators to submit Virtual Bids on behalf of Convergence Bidding Entities at specific Eligible PNodes or Eligible Aggregated PNodes, or at all Eligible PNodes or Eligible Aggregated PNodes.

7.7.15.2 Removal of Bids, in the Event of a Market Disruption, to Prevent a Market Disruption, or to minimize the Extent of a Market Disruption**7.7.15.2.1 Objective Measures**

In the event of a Market Disruption, to prevent a Market Disruption, or to minimize the extent of a Market Disruption, as provided in Section 7.7.15.1 (b), the CAISO may remove Bids, which as defined include Self-Schedules, from the relevant CAISO Market. The types of Bids that the CAISO may remove include those that have previously caused a Market Disruption. These are Bids that are not feasible based on the misalignment of resource-specific conditions and physical constraints represented in the Master File, current outage information, and the Bid itself. For example, these include: (1) Bids that pass through the automated Bid validation rules but are invalid for other reasons not detectable by the automated Bid validation, including derates reflected in SLIC; (2) Bids that are identified prior to the end of the CAISO Market run as causing a feasibility issue that prevents the CAISO Market run from clearing in the time allotted for the run, including ramp rates in SLIC that result in infeasible generation Bids; and (3) multiple Bids that do not pose a problem for processing through the CAISO Market when considered individually,

California ISO

but may when submitted in combination with other Bids become infeasible and present an impediment to the successful completion of the CAISO Market.

7.7.15.2.2 Consequences of Removal of a Bid

The CAISO may remove part of a Bid, but retain other parts of the Bid for the applicable CAISO Market run and interval for the same or different product, and may retain parts of the Bid for subsequent CAISO Market runs or intervals. If a particular Energy or Ancillary Service Bid must be removed pursuant to Section 7.7.15.2.1, the CAISO will remove the entire Bid for that particular service and market. The Scheduling Coordinator may resubmit removed Bids in subsequent CAISO Markets, provided the Scheduling Coordinator complies with any operator instructions regarding the subject Bids. In the event a Bid is removed from an IFM run, the RUC Availability Bid associated with the removed IFM Bid may still be accepted for the corresponding RUC run, unless the RUC Availability Bid is determined to be the cause of the disruption. A problematic Bid as described in Section 7.7.15.2.1 will typically be identified as infeasible prior to publication of the CAISO Market interval in which it is causing a problem, in which case to the extent practicable the CAISO may remove the Bid, execute the CAISO Market without the removed Bid, and publish a CAISO Market result for that interval. In some instances, a Bid may be able to clear through the IFM without causing an infeasibility issue, but then it may be necessary to remove the RUC Availability Bid associated with the IFM Bid for the corresponding RUC run due to infeasibility issues raised for the RUC run. In the Real-Time Market, for example, for reasons discussed above the CAISO may be required to remove a Bid for a Non-Dynamic System Resource that would normally be dispatched in the HASP, yet may be able to utilize and accept the Bids submitted for the RTD and non-HASP RTUC runs of the Real-Time Market included within the same Scheduling Coordinator Bid submission. If an Ancillary Service Bid or Submission to Self-Provide Ancillary Services is removed from the IFM, the Scheduling Coordinator may resubmit these components in the RTM provided the issues identified in the IFM have been resolved and the Bid or submission is otherwise consistent with the Ancillary Service bidding rules in the CAISO Tariff.

If, for the reasons discussed above, the CAISO is required to remove a Bid in the advisory RTUC or RTD runs conducted for future intervals during the Real-Time Market, the removed Bid may still be used in the

California ISO

binding runs of the Real-Time Market for the same interval if the problems previously experienced with the Bid do not arise. If the CAISO is required to remove an Ancillary Services Bid submitted in the Real-Time Market for consideration in the RTUC run, the CAISO may retain the Energy Bid submitted in association with the Ancillary Services Bid for that CAISO Market run.

7.7.15.2.3 Settlement Consequences of Removal of Bids

In the event that a Bid is removed from the Day-Ahead Market, the Scheduling Coordinator whose Bid is removed will not be subject to Settlement for the Day-Ahead Market for the affected service. The Scheduling Coordinator may then resubmit the Bid in the HASP/Real-Time Market for the same service and, to the extent the Bid is feasible and the issues identified have been resolved, it may be accepted in the Real-Time Market consistent with the CAISO Tariff requirements that apply to the HASP/Real-Time Market. In the case of Ancillary Services Bids, including Submissions to Self-Provide an Ancillary Service, that are removed from the Day-Ahead Market, the Scheduling Coordinator will not receive Settlement for the Ancillary Services in the Day-Ahead Market and will not receive an opportunity cost payment in the Day-Ahead Market for the offered service. If the Bid is accepted in the HASP/Real-Time Market, the Scheduling Coordinator will be subject to Settlement based on the CAISO Market in which the Bid actually clears. In the event that a Bid is removed from a CAISO Market run or interval, the CAISO may subsequently be required to issue an Exceptional Dispatch for the resource, in which case the Scheduling Coordinator will receive Exceptional Dispatch Settlement as provided in Section 11.5.6. In the event that a Demand Bid is removed from the Day-Ahead Market, because no Demand Bids for load can be submitted in the Real-Time Market, Scheduling Coordinators for the load not cleared in the Day-Ahead Market will be settled as Uninstructed Imbalance Energy as provided in Section 11.5.2.

7.7.15.2.4 Reporting to Affected Scheduling Coordinators

To the extent practicable, the CAISO will contact a Scheduling Coordinator's representative before removing a Bid and advise the representative of the issues encountered with the Bid. In the event that a Bid is removed, the Scheduling Coordinator's Bid will not be cleared through the specific CAISO Market from which it was removed. The CAISO will notify the Scheduling Coordinator as soon as practicable, but

California ISO

no later than three (3) Business Days, after the applicable Bid was removed and will provide information specifying when its Bid was removed and the nature of the disruption.

7.7.15.3 Choices of Action to Prevent a Market Disruption, in the Event of a Market Disruption, or to minimize the Extent of a Market Disruption

The CAISO's choice of action in the event of a Market Disruption shall depend on the CAISO Market that is disrupted, the cause of the Market Disruption, the expected time to resolve the Market Disruption, and the status of submitted Bids and Self-Schedules at the time the Market Disruption occurs. Nothing in this Section 7.7.15 shall prevent the CAISO from taking any other action permitted under the CAISO Tariff.

7.7.15.4 Reporting Requirements under Section 7.7.15

The CAISO shall include reports on actions taken pursuant to Section 7.7.15 in the Exceptional Dispatch report provided in Section 34.9.4 of the CAISO Tariff. The report shall detail the frequency and types of actions taken by the CAISO pursuant to this Section 7.7.15, as well as the nature of the specific Market Disruptions that caused the CAISO to take action and the CAISO rationale for taking such actions, or the Market Disruption that was successfully prevented or minimized by the CAISO as a result of taking action pursuant to its authority under Section 7.7.15. This informational filing shall also contain general information on the Bids removed pursuant to Section 7.7.15, which may include the megawatt quantity, point of interconnection, specification of the Day-Ahead versus Real-Time Bid, and Energy or Ancillary Services Bid, and the CAISO's rationale for removal; provided, however, that any Scheduling Coordinator-specific individual Bid information will be submitted on a confidential basis consistent with FERC's rules and regulations governing requests for confidential treatment of commercially sensitive information.

EXHIBIT G

**California ISO,
Administrative Pricing Rules Stakeholder Process
Screenshot
(May 27, 2014)**



[Home](#) > [Stay Informed](#) > [Stakeholder Processes](#) > Administrative pricing rules

Administrative pricing rules

This initiative will examine tariff provisions regarding market intervention in the event of significant system emergencies and the settlement implications of force majeure events. The ISO committed to this process in its FERC approved petition to waive tariff provisions for setting administrative prices and settling real-time market transactions related to the September 8, 2011 Pacific Southwest power outage.

Initiative status

Board of Governors approval: Pending

Administrative pricing rules - relevant market notices

[New Stakeholder Initiative: Administrative Pricing Rules](#) 7/12/2012 13:39

Current meeting

No meeting currently scheduled

Policy development

Administrative pricing rules - papers and proposals

[Issue Paper - Administrative Pricing Rules](#) 7/25/2012 13:27

Stakeholder comments

Comments on issue paper

- [Brookfield Comments on Administrative Pricing Rules Issue Paper](#) 8/22/2012 09:28
- [NRG Comments on Administrative Pricing Rules Issue Paper](#) 8/10/2012 13:32
- [PGE Comments on Administrative Pricing Rules Issue Paper](#) 8/10/2012 13:39
- [Powerex Comments on Administrative Pricing Rules Issue Paper](#) 8/10/2012 13:40
- [SCE Comments on Administrative Pricing Rules Issue Paper](#) 8/13/2012 13:58
- [Six Cities Comments on Administrative Pricing Rules Issue Paper](#) 8/10/2012 13:44
- [WPTF Comments on Administrative Pricing Rules Issue Paper](#) 8/10/2012 13:46

Administrative pricing rules - policy development meetings

Stakeholder web conference Aug 1, 2012

- [Agenda and Presentation - Administrative Pricing Rules](#) 7/30/2012 12:50
- [Issue Paper - Administrative Pricing Rules](#) 7/25/2012 13:27

EXHIBIT H

**List of e-Tags for Powerex's Prescheduled Deliveries to CAISO at
NOB on August 18, 2013 for Hours Ending 17 and 18**

**List of e-Tags for Powerex's Prescheduled Deliveries to CAISO at
NOB on August 18, 2013 for Hours Ending 17 and 18**

1. **BCHA_PWX01Z305355_CISO**
2. **BCHA_PWX01Z305356_CISO**
3. **BPAT_PWX01Z305755_CISO**
4. **BPAT_PWX01Z305756_CISO**
5. **BCHA_PWX01Z305768_CISO**
6. **BCHA_PWX01Z305769_CISO**
7. **BCHA_PWX01Z305770_CISO**
8. **GCPD_PWX01Z305778_CISO**
9. **GCPD_PWX01Z305779_CISO**

The PROTECTED version of Exhibit H contains the full and complete e-Tag information for each of the listed e-Tags, and thus is commercially sensitive and non-public. See *Availability of E-Tag Information to Commission Staff*, 141 FERC ¶ 61,235 at PP 58-59 (2012).

EXHIBIT I

**CAISO OASIS Transmission Outages
(Aug. 18, 2013)**



ATLAS REFERENCE REPORT DEFINITION PRICES **TRANSMISSION** SYSTEM DEMAND ENERGY ANCILLARY SERVICES CONGESTION REVENUE RIGHTS PUBLIC BIDS

Date From: 08/18/2013 To: 08/18/2013 Transmission Interface ID: NOB_BG Direction: [ALL] Apply Reset

[Download XML](#) [Download CSV](#)

Transmission Outages

1 - 20 of 26

Transmission Interface ID	TI Direction	Starting Hour	Ending Hour	Curtailed Line Rating (MW)	Update Date	Outage Equipment Description	Outage Notes
NOB_BG	Export	10/21/2010 21	12/01/2015 24	560.00	02/22/2012 23:40:48	Inserted—Misc. Maintenance	Celilo Converters 3 & 4 limitation imposed by BPA (SLIC 1369071)
NOB_BG	Import	10/21/2010 21	12/01/2015 24	1,564.00	02/22/2012 23:40:48	Inserted—Misc. Maintenance	Celilo Converters 3 & 4 limitation imposed by BPA (SLIC 1369071)
NOB_BG	Export	10/21/2010 21	12/01/2015 24	560.00	11/01/2012 17:10:33	Updated—Misc. Maintenance	Celilo Converters 3 & 4 limitation imposed by BPA (SLIC 1369071)
NOB_BG	Import	10/21/2010 21	12/01/2015 24	1,564.00	11/01/2012 17:10:33	Updated—Misc. Maintenance	Celilo Converters 3 & 4 limitation imposed by BPA (SLIC 1369071)
NOB_BG	Export	10/09/2009 14	03/31/2020 24	510.00	04/09/2013 23:18:16	Updated—Misc. Maintenance	LDWP Limitation due to OE internal flow studies. (SLIC 947516). **Revision d**
NOB_BG	Import	10/09/2009 14	03/31/2020 24	1,564.00	04/09/2013 23:18:16	Updated—Misc. Maintenance	LDWP Limitation due to OE internal flow studies. (SLIC 947516). **Revision d**
NOB_BG	Export	08/12/2013 09	08/18/2013 24	996.00	08/03/2013 21:37:31	Inserted—	Malin-Round Mtn 1 500kV Series Cap Group (SLIC 2162343)
NOB_BG	Import	08/12/2013 09	08/18/2013 24	1,564.00	08/03/2013 21:37:31	Inserted—	Malin-Round Mtn 1 500kV Series Cap Group (SLIC 2162343)
NOB_BG	Export	08/12/2013 01	08/18/2013 24	996.00	08/13/2013 19:19:38	Inserted—	BPA- Various Equipment Outages (SLIC 2165121)
NOB_BG	Import	08/12/2013 01	08/18/2013 24	1,564.00	08/13/2013 19:19:38	Inserted—	BPA- Various Equipment Outages (SLIC 2165121)
NOB_BG	Export	08/12/2013 09	08/23/2013 14	996.00	08/14/2013 16:37:26	Updated—	Malin-Round Mtn 1 500kV Series Cap Group (SLIC 2162343)
NOB_BG	Import	08/12/2013 09	08/23/2013 14	1,564.00	08/14/2013 16:37:26	Updated—	Malin-Round Mtn 1 500kV Series Cap Group (SLIC 2162343)
NOB_BG	Export	08/18/2013 17	08/18/2013 23	0.00	08/18/2013 16:19:19	Inserted—	PDCI relayed SLIC # 2167226
NOB_BG	Import	08/18/2013 17	08/18/2013 23	0.00	08/18/2013 16:19:19	Inserted—	PDCI relayed SLIC # 2167226
NOB_BG	Export	08/18/2013 17	08/19/2013 12	0.00	08/18/2013 21:54:31	Updated—	PDCI relayed SLIC # 2167226
NOB_BG	Import	08/18/2013 17	08/19/2013 12	0.00	08/18/2013 21:54:31	Updated—	PDCI relayed SLIC # 2167226
NOB_BG	Export	08/18/2013 17	08/19/2013 04	0.00	08/20/2013 22:31:40	Updated—	PDCI relayed SLIC # 2167226
NOB_BG	Import	08/18/2013 17	08/19/2013 04	0.00	08/20/2013 22:31:40	Updated—	PDCI relayed SLIC # 2167226
NOB_BG	Export	10/09/2009 14	12/31/2013 24	510.00	10/29/2013 17:53:17	51223 Updated—Misc. Maintenance	LDWP Limitation due to OE internal flow studies. (SLIC 947516). **Revision d**
NOB_BG	Import	10/09/2009 14	12/31/2013 24	1,564.00	10/29/2013 17:53:17	51223 Updated—Misc. Maintenance	LDWP Limitation due to OE internal flow studies. (SLIC 947516). **Revision d**

Report Generated: 05/19/2014 12:13:30

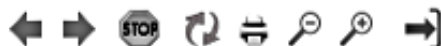
EXHIBIT J

CAISO OASIS System Operation Messages

(Aug. 18, 2013)



OASIS



ATLAS REFERENCE REPORT DEFINITION PRICES TRANSMISSION SYSTEM DEMAND ENERGY ANCILLARY SERVICES CONGESTION REVENUE RIGHTS PUBLIC BIDS

Date From: 08/18/2013 To: 08/18/2013 Severity: [ALL] Apply Reset

Download XML

Download CSV

System Operation Messages

Message Time	Severity	Message Text
08/18/2013 23:59:05	Urgent	Beginning 20:25 through 23:59, the ISO did not call on NSPIN Imbalance Energy to maintain Operating Reserves.
08/18/2013 22:08:36	Urgent	There has been a change to the OTC's on the SILVERPK_BG branch group for 08/19/13. Check OASIS for updates. From the California ISO OASIS, select the (Transmission) tab and select the Report (Current Transmission Usage) for the current values. Market message sent:
08/18/2013 20:27:37	Urgent	Effective 20:25, the ISO is not calling on NON SPIN Imbalance Energy in order to maintain Operating Reserves. Sent by System Operations. Please refer inquiries to the RT Generation Desk.
08/18/2013 19:16:20	Urgent	There has been a change to the OTC's on the SILVERPK_BG branch group for 08/18/13. Check OASIS for updates. From the California ISO OASIS, select the (Transmission) tab and select the Report (Current Transmission Usage) for the current values.
08/18/2013 18:54:01	Normal	There has been a change to the OTC's on the NOB_BG branch group for 08/18/13 HE24 and 08/19/13 HE 01 through HE12. Check OASIS for updates. From the California ISO OASIS, select the (Transmission) tab and select the Report (Current Transmission Usage) for the current values.
08/18/2013 16:27:20	Urgent	There has been a change to the OTC's on the NOB_BG branch group for 08/18/13 HE 17 through HE23. Check OASIS for updates. From the California ISO OASIS, select the (Transmission) tab and select the Report (Current Transmission Usage) for the current values.
08/18/2013 06:30:34	Normal	Based on historic patterns of power flows and transmission and generation availability, the CAISO is forecasting congestion at the Big Creek. As a result, the CAISO will not be awarding Ancillary Services to resources that, if called upon to deliver energy from the Ancillary Services, would increase power flow to the affected area. This restriction will be in effect for Operating date 08/19/2013 from HE11 through HE24 for the DA/RT markets. Sent by Market Operations. Inquiries please contact the DA Market Desk.
08/18/2013 06:28:56	Normal	The California ISO has one or more open ties for trade date 8/19/2013. Any bid on an open tie will be removed. Sent by Market Operations, inquiries please contact the Day Ahead Desk.

Report Generated: 05/19/2014 12:00:58

EXHIBIT K

**Transcripts of Calls Regarding the Pacific DC Intertie Outage
(Aug. 18-19, 2013)**

TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug18_2_426pm
DATE OF RECORDING: 08-18-2013
TIME: 04:26 PM Pacific Time

1 (First 8 seconds dead air)

2 BRIAN: BPA Transmission, this is Brian.

3 MIKE: Hey, Brian. Mike, Powerex.

4 BRIAN: Uh-huh.

5 MIKE: Hey, just checking to see if you know what
6 the status of the DC line is going to be for hour 18.

7 BRIAN: No. We haven't heard at this time.

8 MIKE: Okay.

9 BRIAN: We heard -- the only thing that we heard
10 is that the crews are out there just hoping to get it
11 repaired before the start of hour ending 18.

12 MIKE: Okay.

13 BRIAN: But as far as what the progress is on
14 that, we haven't heard anything.

15 MIKE: Alrighty then. I appreciate the help.

16 BRIAN: No problem, Mike.

17 MIKE: Thanks. Bye-bye.

18 BRIAN: Uh-huh.

19 (End of recording)

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TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug18_2_426pm
DATE OF RECORDING: 08-18-2013
TIME: 04:26 PM Pacific Time

1 THE STATE OF TEXAS)
2 COUNTY OF HARRIS)

3
4

REPORTER'S CERTIFICATION

5 I, DIANA RAMOS, a Certified Shorthand Reporter
6 in and for the State of Texas, do hereby certify that this
7 is a true transcript of the audio recording.

8 I further certify to the best of my knowledge
9 that I am neither attorney nor counsel for, related to,
10 nor employed by any of the parties to the action.

11 Further, to the best of my knowledge I am not a
12 relative or employee of any attorney of record in this
13 cause, nor do I have a financial interest in the action.

14 Subscribed and sworn to on this the 23rd day of
15 May, 2014.

16
17

18

Diana Ramos

19

Diana Ramos, CSR
CSR No. 3133, Expires 12-31-2014
DEPOTEXAS
Firm Registration No. 95
Sunbelt Reporting
Firm Registration No. 300
13101 Northwest Freeway, Suite 210
Houston, Texas 77040
Tel: (281) 469-5580
FAX: (713) 460-2525

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TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug18_3_439pm
DATE OF RECORDING: 08-18-2013
TIME: 04:39 PM Pacific Time

1 MIKE: Powerex, Mike.

2 HAMILL: Hey, Mike. Hamill, LA.

3 MIKE: Hey.

4 HAMILL: Hi there. I wanted to call and just let
5 you know that they're having an issue with the Pacific DC.
6 I -- we don't know what it is.

7 MIKE: Right.

8 HAMILL: And DC's going to remain at zero right
9 now through hour ending 19.

10 MIKE: Okay. Appreciate the heads-up. We'll try
11 to manage that -- mitigate it the best we can here, and
12 we'll just watch for any changes.

13 HAMILL: Sounds good.

14 MIKE: Thanks.

15 HAMILL: Thanks. Bye.

16 MIKE: Bye.

17 (End of recording)

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TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug18_3_439pm
DATE OF RECORDING: 08-18-2013
TIME: 04:39 PM Pacific Time

1 THE STATE OF TEXAS)
2 COUNTY OF HARRIS)

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4

REPORTER'S CERTIFICATION

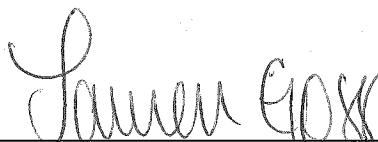
5 I, LAUREN E. GOSS, a Certified Shorthand
6 Reporter in and for the State of Texas, do hereby certify
7 that this is a true transcript of the audio recording.

8 I further certify to the best of my knowledge
9 that I am neither attorney nor counsel for, related to,
10 nor employed by any of the parties to the action.

11 Further, to the best of my knowledge I am not a
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15 May, 2014.

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Lauren E. Goss, CSR
CSR No. 9121, Expires 12-31-2015
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Firm Registration No. 300
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Houston, Texas 77040
Tel: (281) 469-5580
FAX: (713) 460-2525

TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug18_4_631pm
DATE OF RECORDING: 08-18-2013
TIME: 06:31 PM Pacific Time

1 (Someone talking in the background)
2 MAN: Sorry?
3 (Back to phone call)
4 MIKE: Powerex, Mike.
5 (Someone talking in the background)
6 MAN: Yeah.
7 (Back to phone call)
8 HAMILL: Hey, Mike. Hamill, LA.
9 MIKE: Hey, Hamill.
10 HAMILL: Hi there. Was calling to just let you
11 know the DC is going to remain out through hour ending 24
12 at -- right now, on --
13 MIKE: Oh, okay. So it's going --
14 HAMILL: -- but --
15 MIKE: Oh, okay. Zero through 24. I'll -- I'll
16 watch for your curtailments.
17 HAMILL: All right.
18 MIKE: Thanks.
19 HAMILL: Thanks. Bye.
20 MIKE: Bye.
21 (End of Recording)
22
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TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug18_4_631pm
DATE OF RECORDING: 08-18-2013
TIME: 06:31 PM Pacific Time

1 THE STATE OF TEXAS)
2 COUNTY OF HARRIS)

3

4

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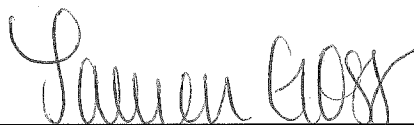
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15 May, 2014.

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TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug 18_5_644pm
DATE OF RECORDING: 08-18-2013
TIME: 06:44 PM Pacific Time

1 RAY: Cal ISO, this is Ray.

2 ROB: Hey, Ray. Rob, Powerex. Hey, man, I know
3 you're super busy here, but you know what? In all our
4 adjusting, we failed to adjust one of our tags going to --

5 RAY: Yeah, to the NOB.

6 ROB: -- NOB, five-seven-seven-zero.

7 RAY: Yeah. I'm cutting them all right now.

8 ROB: Oh, you're cutting them all. Okay. Great.
9 Thanks. Thanks.

10 Sorry about that. We'll try to be a little bit
11 better next --

12 RAY: I appreciate that.

13 ROB: -- on our part here.

14 RAY: Thanks a lot.

15 ROB: Thanks. Bye.

16 RAY: All right.

17 (End of recording)

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TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug 18_5_644pm
DATE OF RECORDING: 08-18-2013
TIME: 06:44 PM Pacific Time

1 THE STATE OF TEXAS)
2 COUNTY OF HARRIS)

3
4

REPORTER'S CERTIFICATION

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6 in and for the State of Texas, do hereby certify that this
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8 I further certify to the best of my knowledge
9 that I am neither attorney nor counsel for, related to,
10 nor employed by any of the parties to the action.

11 Further, to the best of my knowledge I am not a
12 relative or employee of any attorney of record in this
13 cause, nor do I have a financial interest in the action.

14 Subscribed and sworn to on this the 23rd day of
15 May, 2014.

16
17

18

Diana Ramos

19

Diana Ramos, CSR
CSR No. 3133, Expires 12-31-2014
DEPOTEXAS

20

Firm Registration No. 95
Sunbelt Reporting

21

Firm Registration No. 300
13101 Northwest Freeway, Suite 210
Houston, Texas 77040

22

Tel: (281) 469-5580

23

FAX: (713) 460-2525

24

25

TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug18_6_947pm
DATE OF RECORDING: 08-18-2013
TIME: 09:47 PM Pacific Time

1 MIKE: Powerex, Mike.

2 HAMILL: Mike, Hamill, LA.

3 MIKE: Hey.

4 HAMILL: Hi there. I wanted to call and let you
5 know the PDCI outage has been extended 'til 0600 tomorrow,
6 the 19th.

7 MIKE: Okay. I saw some curtailments coming
8 through. Thanks for the heads-up.

9 HAMILL: No problem.

10 MIKE: Thank you.

11 HAMILL: Thanks.

12 MIKE: Bye-bye.

13 HAMILL: Bye.

14 (End of Recording)

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TRANSCRIPT OF VOICE RECORDING
FILE NAME: Aug18_6_947pm
DATE OF RECORDING: 08-18-2013
TIME: 09:47 PM Pacific Time

1 THE STATE OF TEXAS)
2 COUNTY OF HARRIS)

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REPORTER'S CERTIFICATION

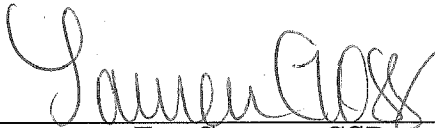
5 I, LAUREN E. GOSS, a Certified Shorthand
6 Reporter in and for the State of Texas, do hereby certify
7 that this is a true transcript of the audio recording.

8 I further certify to the best of my knowledge
9 that I am neither attorney nor counsel for, related to,
10 nor employed by any of the parties to the action.

11 Further, to the best of my knowledge I am not a
12 relative or employee of any attorney of record in this
13 cause, nor do I have a financial interest in the action.

14 Subscribed and sworn to on this the 23rd day of
15 May, 2014.

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Lauren E. Goss, CSR
CSR No. 9121, Expires 12-31-2015
DEPOTEXAS
Firm Registration No. 95
Sunbelt Reporting
Firm Registration No. 300
13101 Northwest Freeway, Suite 210
Houston, Texas 77040
Tel: (281) 469-5580
FAX: (713) 460-2525

EXHIBIT L

**Emails to Powerex Reporting Pacific DC Intertie Outage
(Aug. 18-19, 2013)**

Miller, Jessica

From: BPA2 <BPA2@weccrc.net>
Sent: Sunday, August 18, 2013 6:19 PM
To: ALL WECC
Subject: PDCI PATH 65

1604 PDT: PDCI PATH 65 RELAYED O/S. CAUSE UNKNOWN, NO ETR.

PATH 65 N>S 0MW NOB
S>N 0MW NOB

RAS/B. GILBERG

BONNEVILLE POWER ADMINISTRATION

DITTMER CONTROL CENTER
VANCOUVER, WA 360-418-2278



Miller, Jessica

From: LDWP2 <LDWP2@weccrc.net>
Sent: Sunday, August 18, 2013 8:41 PM
To: ALL WECC
Subject: LADWP: PATH 65 (PDCI) REMAINS OUT TILL CREWS ON SCENE

1830-hrs: Path 65 (PDCI) will remain out until Patrol crews arrive on scene.
Inclement weather continues to affect PDCI in the Mono Lake area.
ETR: 2400-hrs

Goodson/LADWP

Miller, Jessica

From: LDWP1 <LDWP1@weccrc.net>
Sent: Monday, August 19, 2013 5:38 AM
To: ALL WECC
Subject: PDCI (PATH 65)

0318 PPT: PDCI on for test following forced outage due to Spring Creek Fire.

Available for scheduling starting HE-5

2990-MW N>S (TNOB)
975-MW S>N (TNOB)

KHAYS/LDWP

City of Los Angeles
Department of Water and Power
Energy Control Center
818-771-6633

CERTIFICATE OF SERVICE

Pursuant to Commission Rules 206(c) and 2010, 18 C.F.R. §§ 385.206(c), 2010 (2013), I hereby certify that a copy of the foregoing was served by email and overnight mail service this 30th day of May 2014 upon the following corporate officials designated for service for the California Independent System Operator Corporation:

Anthony Ivancovich
Senior Regulatory Counsel
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Telephone: 916-351-4400
Fax: 916-608-7222
Email: aivancovich@caiso.com

Kenneth G. Jaffe
Alston & Bird LLP
950 F Street NW
Washington, DC 20004
Telephone: 202-239-3154
Email: kenneth.jaffe@alston.com

Dated at Washington, D.C. this 30th day of May, 2014.

/s/ Stephen J. Hug
Stephen J. Hug

Document Content(s)

Notice_of_Complaint_Against_CAISO.DOCX.....1-3

2014-05-30 Powerex Complaint PUBLIC.PDF.....4-111