

prevail to the extent of the inconsistency. The provisions of the ISO Tariff have been summarized or repeated in this Protocol only to aid understanding.

- (b) A reference in this Protocol to a given agreement, ISO Protocol or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made.
- (c) The captions and headings in this Protocol are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Protocol.
- (d) This Protocol shall be effective as of the ISO Operations Date.
- (e) References to time are references to the prevailing Pacific time.

SP 1.3 Scope

SP 1.3.1 Scope of Application to Parties

The SP applies to the following entities:

- (a) Scheduling Coordinators (SCs);
- (b) Utility Distribution Companies (UDCs);
- (c) Participating Transmission Owners (PTOs);
- (d) interfacing Control Area operators in accordance with Inter-Control Area agreements entered into with the ISO; and
- (e) the Independent System Operator (ISO).

SP 1.3.2 Liability of ISO

Any liability of the ISO arising out of or in relation to this Protocol shall be subject to Section 14 of the ISO Tariff as if references to the ISO Tariff were references to this Protocol.

SP 2 INTERFACE REQUIREMENTS

The WEnet interface requirements and associated information requirements are described in the SBP.

SP 3.1.2 Preferred Schedules

The Preferred Schedule is the initial Schedule submitted by a SC in the Day-Ahead Market or Hour-Ahead Market. A Preferred Schedule shall be a Balanced Schedule submitted to the ISO by each SC on a daily and/or hourly basis.

SP 3.1.3 Seven-Day Advance Schedules

SCs may submit Balanced Schedules for up to seven (7) Trading Days at a time, representing the SC's Preferred Schedule for each Day-Ahead Market and/or Hour-Ahead Market. These advance Schedules can be overwritten by new Preferred Schedules at any time prior to the deadline for submitting Day-Ahead Schedules and Hour-Ahead Schedules, as described in the SP. If not overwritten by the SC, a Schedule submitted in advance of this deadline for submission will become the SC's Preferred Schedule at the deadline for submitting Day-Ahead Schedules and/or Hour-Ahead Schedules. There is no validation of Schedules submitted in advance of the deadline for submitting Preferred Schedules. As part of the scheduling and validation process, the ISO will calculate and publish, via WENet, the GMMs applicable to the Day-Ahead and Hour-Ahead Markets eight (8) days ahead of the Trading Day to which they relate, as described in SP 4.

SP 3.1.4 Suggested Adjusted Schedules

If the sum of SCs' Preferred Schedules would cause Congestion across any Inter-Zonal Interface, the ISO shall issue Suggested Adjusted Schedules to all SCs in the Day-Ahead Market only. These Suggested Adjusted Schedules will not apply to uses of transmission owned by non-participating transmission owners nor to uses of Existing Rights. A modification flag, set by the ISO, will indicate whether the scheduled output in a Settlement Period has been modified as a result of Congestion Management. The ISO will publish as public information, via the WENet, estimated Usage Charges for Energy transfers between Zones.

SP 3.1.5 Revised Schedules

Following receipt of a Suggested Adjusted Schedule, a SC may submit to the ISO a Revised Schedule, which shall be a Balanced Schedule. There are no Revised Schedules in the Hour-Ahead Market.

SP 6 [UNUSED]

SP 7 **MANAGEMENT OF EXISTING CONTRACTS FOR TRANSMISSION SERVICE**

SP 7.1 **Obligations of Participating Transmission Owners and Scheduling Coordinators**

SP 7.1.2 **Participating Transmission Owners**

Prior to the ISO accepting Schedules which include the use of Existing Rights, the Responsible PTO (as defined in the SBP) must have provided the ISO with the information required in the Transmission Control Agreement and the SBP, including transmission rights/curtailment instructions ("instructions") supplied in a form and by means of communication specified by the ISO.

SP 7.1.3 **Scheduling Coordinators**

The ISO will accept valid Schedules from a Responsible PTO that is the SC for the Existing Contract rights holders, or from Existing Contract rights holders that are SCs, or that are represented by a SC other than the Responsible PTO. Schedules submitted by SCs to the ISO which include the use of Existing Rights must be submitted in accordance with the SBP and this SP.

SP 7.2 **Allocation of Forecasted Total Transfer Capabilities**

SP 7.1.2 **Categories of Transmission Capacity**

As used in this SP, references to new firm uses shall mean any use of ISO transmission service, except for uses associated with Existing Rights. Prior to the start of the Day-Ahead scheduling process, for each Inter-Zonal Interface, the ISO will allocate the forecasted total transfer capability of the Interface to four categories. This allocation will represent the ISO's best estimates at the time, and is not intended to affect any rights provided under Existing Contracts, except as provided in SP 7.4. The ISO's forecast of total transfer capability for each Inter-Zonal Interface will depend on prevailing conditions for the relevant Trading Day, including, but not limited to, the effects of parallel path (unscheduled) flows and/or other limiting operational conditions. This information will be posted on WEnet by the ISO in accordance with SP 3.2.1. In accordance

with Section 2.4.4.5.1.4 of the ISO Tariff, the four categories are as follows:

- (a) transmission capacity that must be reserved for firm Existing Rights;
- (b) transmission capacity that may be allocated for use as ISO transmission service (i.e., "new firm uses");
- (c) transmission capacity that may be allocated by the ISO for conditional firm Existing Rights; and
- (d) transmission capacity that may remain for any other uses, such as non-firm Existing Rights for which the Responsible PTO has no discretion over whether or not to provide such non-firm service.

SP 7.2.2 Prioritization of Transmission Uses

The following rules are designed to enable the ISO to honor Existing Contracts in accordance with Sections 2.4.3 and 2.4.4 of the ISO Tariff, except as may be limited by the operation of SP 7.4. Regardless of the success of the application of such rules, it is intended that the rights under Existing Contracts will be honored as contemplated by the ISO Tariff except as may be limited by the operation of SP 7.4. In each of the categories described in SP 7.2.1, the terms and conditions of service may differ among transmission contracts. These differences will be described by each Responsible PTO in the instructions submitted to the ISO in advance of the scheduling process in accordance with the SBP. In addition, Generation, Inter-Scheduling Coordinator Energy Trade imports or external imports in one Zone must be matched by an equal magnitude of Demand, Inter-Scheduling Coordinator Energy Trade exports or external exports in an adjacent Zone (see SP 7.2.3 for a summary of allowable linkages). Scheduling and curtailment priorities associated with each category will be defined by SCs through the use of contract usage templates submitted as part of their Schedules as described in the SBP.

- (a) Transmission capacity for Schedules will be made available to holders of firm Existing Rights in accordance with this SP and the terms and conditions of their Existing Contracts. In the event that the firm uses of these rights must be curtailed, they will be

curtailed on the basis of priority expressed in contract usage templates. So as not to be curtailed before any other scheduled use of Congested Inter-Zonal Interface capacity, the ISO's Congestion Management software will assign high priced Adjustment Bids to the scheduled uses (for example, a difference of \$130,000/MWh to \$140,000/MWh for Demand or external exports and a difference of -\$130,000/MWh to -\$140,000/MWh for Generation or external imports). This range will be reserved strictly for use in association with the prioritization of firm Existing Rights to use available Inter-Zonal Interface transmission capacity. These high priced Adjustment Bids are only for the ISO's use, in the context of Congestion Management, in recognizing the various levels of priority that may exist among the scheduled uses of firm transmission service. These high priced Adjustment Bids will not affect any other rights under Existing Contracts. To the extent that the MW amount exceeds the MW amount specified in the Existing Contract, the excess scheduled amount will be treated as a new firm use of ISO transmission services as described in (b) below. Note that, in some instances, for a particular Inter-Zonal Interface, there may be multiple SCs submitting Schedules under several different Existing Contracts on behalf of several Existing Contract rights holders. In these circumstances, and to the extent the rights holders desire to coordinate the prioritization of their firm uses of the Inter-Zonal Interface, their SCs will make the arrangements among themselves ahead of the ISO's scheduling process. In the absence of a valid contract usage template associated with Existing Contract rights, the ISO will treat the scheduled use of transmission service as a "price-taker" of ISO transmission service subject to Usage Charges.

- (b) ISO transmission service (i.e., "new firm uses") will be priced in accordance with the ISO Tariff. Usage Charges associated with the ISO's Congestion Management procedures, as described in SP 10, will be based on Adjustment Bids. In the absence of an Adjustment Bid, the ISO will treat the scheduled "new firm use" of ISO transmission service as a price taker paying the Usage Charge established by the highest valued use of transmission capacity between the relevant Zones.

- (c) Transmission capacity will be made available to holders of conditional firm Existing Rights in a manner similar to that done prior to the ISO Operations Date; that is, allocated, as available, based on the agreed priority. The levels of priority will be expressed in the contract usage templates associated with the Schedules. To the extent that the MW amount in a schedule exceeds the MW amount specified in the contract usage template, the excess scheduled amount will be treated as a new firm use of ISO transmission services as described in (b) above. Note that, in some instances, for a particular Inter-Zonal Interface, there may be multiple SCs submitting Schedules under several different Existing Contracts on behalf of several Existing Contract rights holders. In these circumstances, and to the extent the rights holders desire to coordinate the prioritization of their conditional firm uses of the Inter-Zonal Interface, their SCs will make the arrangements among themselves ahead of the ISO's scheduling process. In the absence of a valid contract usage template associated with Existing Contract rights, the ISO will treat the scheduled use of transmission service as a "price-taker" of ISO transmission services subject to Usage Charges.
- (d) Transmission capacity will be made available to holders of non-firm Existing Rights in a manner similar to that done prior to the ISO Operations Date; that is, treated as the lowest valued use of available transmission capacity. Non-firm uses of transmission capacity under Existing Contracts will be indicated in

Schedules submitted by SCs as \$0.00/MWh Adjustment Bids. Therefore, there will be no contract reference number associated with non-firm Existing Contract rights.

SP 7.2.3 Allowable Existing Contract Linkages

As indicated in SP 7.2.2, Generation, Inter-Scheduling Coordinator Energy Trade imports or external imports in one Zone must be matched by an equal magnitude of Demand, Inter-Scheduling Coordinator Energy Trade exports or external exports in the same Zone or in an adjacent Zone. The table below summarizes the allowable linkages.

Generation	Demand
Generation	External Export
Generation	Inter-SC Energy Trade Export
External Import	Demand
External Import	External Export
External Import	Inter-SC Energy Trade Export
Inter-SC Energy Trade Export	Demand
Inter-SC Energy Trade Export	External Export
Inter-SC Energy Trade Export	Inter-SC Energy Trade Export
Inter-SC Ancillary Service Trade	Inter-SC Ancillary Service Trade

SP 7.3 The Day-Ahead Process

SP 7.3.1 Validation

The ISO will coordinate the scheduling of the use of Existing Rights with new firm uses in the Day-Ahead process. The ISO will validate the Schedules submitted by SCs on behalf of the rights holders for conformity with the instructions previously provided by the Responsible PTO in accordance with the SBP. Invalid Schedules will be rejected and the ISO will immediately communicate the results of each SC's validation to that SC via WEnet.

release these unused rights as available for new firm uses (not subject to recall).

SP 7.3.3 Reservation of Firm Transmission Capacity

As an initial step in performing its Day-Ahead Congestion Management analysis, the ISO will determine the amount of transmission capacity that is available and subject to its Protocols by subtracting, from the total transfer capability of the Inter-Zonal Interface, the unused portions of capacity applicable to firm Existing Rights. For purposes of Congestion Management, the total transfer capability of the Inter-Zonal Interface is therefore adjusted downward by an amount equal to the unused portions of firm Existing Rights. By reserving these blocks of unused transmission capacity, Existing Contracts rights holders are able to schedule the use of their transmission service on the timelines provided in their Existing Contracts after the deadline of the ISO's Day-Ahead scheduling process (in other words, after 1:00 pm on the day preceding the Trading Day), but prior to the deadline of the ISO's Hour-Ahead scheduling process (in other words, two hours ahead of the Settlement Period).

SP 7.3.4 Allocation of Inter-Zonal Interface Capacities

In the ISO's Congestion Management analysis of the Day-Ahead Market, for each Inter-Zonal Interface:

- (a) if all scheduled uses of transmission service fit within the adjusted total transfer capability, all are accepted (in other words, there is no Congestion);
- (b) if all scheduled uses of transmission service do not fit within the adjusted total transfer capability, scheduled uses of non-firm Existing Rights will be curtailed, pro rata, to the extent necessary. If the remaining scheduled uses of transmission service still do not fit within the adjusted total transfer capability, uses of conditional firm Existing Rights will be curtailed (based upon the levels of priority expressed in the contract usage templates for Schedules as described in SP 7.2.2 (c)) to the extent necessary;
- (c) if Congestion still exists after curtailing all lower priority schedules (e.g. requesting non-firm and conditional firm uses of transmission service under Existing Contracts), the remaining transmission capacity (that is not already reserved as firm Existing Rights)

is priced based upon Adjustment Bids. To the extent there are insufficient Adjustment Bids to fully mitigate the remaining Congestion, the default Usage Charge will apply and the ISO will curtail ISO transmission service (in other words, new firm uses other than Firm Transmission Rights uses evaluated in the Day-Ahead process), *pro rata*, to the extent necessary;

- (d) If Congestion still exists after curtailing all new firm uses (other than Firm Transmission Rights uses) in the Day-Ahead scheduling process, scheduled uses of Firm Transmission Rights are then curtailed, *pro rata*, to the extent necessary; and
- (e) if Congestion still exists after curtailing ISO new firm uses and uses of Firm Transmission Rights, scheduled uses of firm Existing Rights are then curtailed (based upon the priorities expressed in the contract usage templates associated with the Schedules as described in SP 7.2.2 (a)) to the extent necessary.

SP 7.4 The Hour-Ahead Process

SP 7.4.1 Validation

The ISO will coordinate the scheduling of the use of Existing Rights with new firm uses, in the Hour-Ahead process. The ISO will validate the submitted Schedules for conformity with the instructions provided by the Responsible PTOs, in accordance with the SBP. Invalid schedules will be rejected and the ISO will immediately communicate the results of each SC's validation to that SC via WEnet.

SP 7.4.2 Scheduling Deadlines

Those rights holders who must schedule the use of their rights by the deadline for the submission of Schedules in the Hour-Ahead Market must do so. After this time, the ISO will release these unused rights as available for new firm uses (not subject to recall).

SP 7.4.3 Acceptance of Firm Transmission Schedules

Before allocating any remaining transmission capacity under the following provisions of this SP 7, the ISO will accept Schedules associated with firm Existing Rights (subject to validation under SP 7.4.1), allocating transmission capacity for use by these rights holders.

SP 7.4.4 Reservation of Firm Transmission Capacity

The ISO will adjust the total transfer capabilities of Inter-Zonal Interfaces with respect to firm Existing Rights as it does in its Day-Ahead process described in this SP 7.3.3. Therefore, holders of Existing Rights are still able to exercise whatever scheduling

flexibility they may have under their Existing Contracts after the Schedules and bids submittal deadline of the ISO's Hour-Ahead scheduling process, as described further in SP 7.5.

SP 7.4.5 Allocation of Inter-Zonal Interface Capacities

In the ISO's Congestion Management analysis of the Hour-Ahead Market, for each Inter-Zonal Interface:

- (a) if all scheduled uses of transmission service fit within the total transfer capability, all are accepted (in other words, there is no Congestion);
- (b) if all scheduled uses of transmission service do not fit within the total transfer capability, scheduled uses of non-firm Existing Rights will be curtailed, pro rata, to the extent necessary. If the remaining scheduled uses of transmission service still do not fit within the total transfer capability, scheduled uses of conditional firm Existing Rights will be curtailed (based upon the levels of priority expressed in the contract usage templates for the Schedules as described in SP 7.2.2 (c)) to the extent necessary;
- (c) if Congestion still exists after curtailing all lower priority schedules (e.g. representing non-firm and conditional firm uses of transmission service under Existing Contracts), the remaining transmission capacity (the subject of firm Existing Rights) is priced based upon Adjustment Bids. To the extent there are insufficient Adjustment Bids to fully mitigate the remaining Congestion, the default Usage Charge will apply and the ISO will curtail ISO transmission service (in other words, new firm uses including new firm uses of Firm Transmission Rights), pro rata, to the extent necessary; and
- (d) if Congestion still exists after curtailing ISO new firm uses, scheduled uses of firm Existing Rights will be curtailed (based upon the priorities expressed in the contract usage template associated with the Schedules as described in SP 7.2.2 (a)) to the extent necessary.

SP 7.5 The ISO's Real-Time Process

Consistent with SP 7.4.4, the ISO will honor those scheduling flexibilities that may be exercised by holders of Existing Rights through their respective SCs during the ISO's

real-time processes to the extent that such flexibilities do not interfere with or jeopardize the safe and reliable operation of the ISO Controlled Grid or Control Area operations. The real-time processes described in SP 7.5.1 and SP 7.5.2 will occur during the three hours following the ISO's receipt of Preferred Hour-Ahead Schedules (that is, from two hours ahead of the start of the Settlement Period through the end of such Settlement Period).

SP 7.5.1 Inter-Control Area Changes to Schedules that Rely on Existing Rights

Changes to Schedules that occur during the ISO's real-time processes that involve changes to ISO Control Area imports or exports with other Control Areas (that is, inter-Control Area changes to Schedules) will be allowed and will be recorded by the ISO based upon notification received from the SC representing the holder of the Existing Rights. The ISO must be notified of any such changes to external import/export schedules. The ISO will receive notification of real time changes to external import/export schedules, by telephone, from the SC representing the holder of the Existing Rights. The timing and content of any such notification must be consistent with the instructions previously submitted to the ISO by the Responsible PTO in accordance with the SBP. The ISO will manually adjust the SC's schedule to conform with the other Control Area's net schedule in real time, and the notifying SC will be responsible for and manage any resulting Energy imbalance. These Imbalance Energy deviations will be priced and accounted to the SC representing the holder of Existing Rights in accordance with the SABP.

SP 7.5.2 Intra-Control Area Changes to Schedules that Rely on Existing Rights

Changes to Schedules that occur during the ISO's real-time processes that do not involve changes to ISO Control Area imports or exports with other Control Areas (that is, intra-Control Area changes to Schedules) will be allowed and will give rise to Imbalance Energy deviations. These Imbalance Energy deviations will be priced and accounted to the SC representing the holder of Existing Rights in accordance with the SABP.

