

**3.2.5.2** If the Participating TO cannot secure any such necessary approvals or property rights and consequently is unable to construct a transmission addition or upgrade, it shall promptly notify the ISO and the Project Sponsor and shall comply with its obligations under the TO Tariff to convene a technical meeting to evaluate alternative proposals. The ISO shall take such action as it reasonably considers appropriate, in coordination with the Participating TO, the Project Sponsor (if any) and other affected Market Participants, to facilitate the development and evaluation of alternative proposals including, where possible, conferring on a third party the right to build the transmission addition or upgrade.

**3.2.5.3** Where it is possible for a third party to obtain all approvals and property rights under applicable federal, state and local laws that are necessary to complete the construction of transmission additions or upgrades required to be constructed in accordance with this ISO Tariff (including the use of eminent domain authority, where provided by state law) the ISO may confer on a third party the right to build the transmission addition or upgrade which shall enter into the Transmission Control Agreement in relation to such transmission addition or upgrade.

**3.2.6 WSCC and RTG Coordination.**

The Project Sponsor will have responsibility for completing any applicable WSCC or RTG regional coordination and rating study requirements to ensure that a proposed transmission addition or upgrade meets regional planning requirements. The Project Sponsor may request the Participating TO to perform this coordination on behalf of the Project Sponsor at the Project Sponsor's expense.

**4.8.4.2 Access to Facilities.**

The UDCs shall grant the ISO reasonable access to UDC facilities free of charge for purposes of inspection, repair, maintenance, or upgrading of facilities installed by the ISO on the UDC's system, provided that the ISO must provide reasonable advance notice of its intent to access UDC facilities and opportunity for UDC staff to be present. Such access shall not be provided unless the parties mutually agree to the date, time and purpose of each access. Agreement on the terms of the access shall not be unreasonably withheld.

**4.8.4.3 Access During Emergencies.**

Notwithstanding any provision in this Section 4 the ISO may have access, without giving prior notice, to any UDC's equipment or other facilities during times of a System Emergency or where access is needed in connection with an audit function.

**4.9 UDC Facilities under ISO Control.**

The ISO and each UDC shall enter into an agreement in relation to the operation and maintenance of the UDC's facilities which are under the ISO's Operational Control.

the Hour-Ahead Market, unless an earlier determination is required in order to accommodate the Must-un Unit's operating constraints. For the purposes of this Section, a Bid

Insufficiency exists in an Hour-Ahead Market if, and only if –

- (a) bids in the Hour-Ahead Market for the particular Ancillary Service (including any unused bids that can be used to satisfy that particular Ancillary Services requirement under Section 2.5.3.6) that remain after first procuring the megawatts of the Ancillary Service that the ISO had notified Scheduling Coordinators it would procure in the Hour-Ahead Market pursuant to Section 2.5.12 ("remaining Ancillary Service requirement") represent, in the aggregate, less than two times such remaining Ancillary Service requirement; or
- (b) there are less than two unaffiliated bidders to provide such remaining Ancillary Service requirement.

If a Bid Insufficiency condition exists, the ISO may nonetheless accept available market bids if it determines in its sole discretion that the prices bid and the supply curve created by the bids indicate that the bidders were not attempting to exercise market power.

**5.2.2 [Not Used]**

**5.2.3** The ISO will, subject to any existing power purchase contracts of a Generating Unit, have the right at any time based upon ISO Controlled Grid technical analyses and studies to designate a Generating Unit as a Reliability Must-Run Unit. A Generating Unit so designated shall then be obligated to provide the ISO with its proposed rates for Reliability Must-Run Generation for negotiation with the ISO. Such rates shall be authorized by FERC or the Local Regulatory Authority, whichever authority is applicable.

**5.2.4 [Not Used]**

**5.7 Interconnection to the ISO Controlled Grid.**

**5.7.1 Submitting Requests to Interconnect.**

Any existing or prospective Generator that requests interconnection to the ISO Controlled Grid shall submit a request to interconnect to the Participating TO or UDC that will supply the interconnection and shall copy such request to the ISO. The Participating TO shall coordinate all aspects of the interconnection requests pursuant to the TO Tariff and the TCA. Unless a proposed interconnection is pursuant to an Encumbrance of the ISO Controlled Grid enumerated in the TCA, an existing or prospective Generator shall not be entitled to have its interconnection to the ISO Controlled Grid energized unless and until it has demonstrated to the ISO's reasonable satisfaction that it has complied with or is capable of complying with all of the requirements of this Section 5.

**5.7.2 Generating Unit Interconnection.**

The interconnection standards and agreements of the interconnecting Participating TO or UDC, which are available upon request, shall govern the interconnection of additional Generating Units including the costs of such interconnection. Protocols and standards developed and adopted by the ISO may supersede, where appropriate, protocols and standards specific to the Participating TO or UDC, but such ISO protocols and standards may not supersede any instruction provided to the ISO by a Participating TO that relates to an Encumbrance of the ISO Controlled Grid enumerated in the TCA.

**5.7.3 Coordination of Critical Protective Systems.**

Generators shall coordinate with the ISO, Participating TOs and UDCs to ensure that ISO Controlled Grid Critical Protective Systems, including relay systems, are installed and maintained in order to function on a coordinated and complementary basis with Generator's, Participating TO's and UDC's protective systems.

**5.10.3** The ISO shall have the sole right to determine when the operation of Black Start Generating Units is required to respond to conditions on the ISO Controlled Grid.

**5.10.4** If the ISO has intervened in the market for Energy and/or Ancillary Services pursuant to Section 2.3.2.3, the price paid by the ISO for Black Start services shall be sufficient to permit the relevant Participating Generator to recover its costs over the period that it is directed to operate by the ISO.

**5.10.5** If a Black Start Generating Unit fails to achieve a Black Start when called upon by the ISO, or fails to pass a performance test administered by the ISO, the Market Participant that has contracted to supply Black Start service from the Generating Unit shall re-pay to the ISO any reserve payment(s) that it has received since the administration of the last performance test or the last occasion upon which it successfully achieved a Black Start when called upon by the ISO, whichever is the shorter period.

Dependent Participating TO shall be (i) the sum of the amount in megawatts for each month of the Self-Sufficiency Test Period by which that Dependent Participating TO's Dependable Generation plus its Firm Import Interconnection Transmission Capacity ("FIITC") is less than its monthly peak Demand (ii) divided by 12. The megawatt amounts for those months in which that Dependent Participating TO's Dependable Generation plus its FIITC exceeds its monthly peak Demand shall not be considered in the calculation of its Non Self-Sufficient Contract Demand.

**7.1.3.1 Determination of Self-Sufficiency.** If the sum of the Dependable Generation connected to a Participating TO's transmission system or Distribution System and the FIITC included for the purposes of calculating the Access Charge of the Participating TO is greater than or equal to the monthly peak Demand for a Participating TO for each month of the Self-Sufficiency Test Period, the Participating TO shall be considered to be a Self-Sufficient Participating TO. To the extent a Participating Transmission Owner has Existing Contracts for the delivery of its Energy requirements, that Participating Transmission Owner has satisfied the Self-Sufficiency test until such time as those contracts have been terminated. No later than two years after the initial operation of the ISO, the ISO shall review the criteria for determining Self-Sufficiency. Subject to Section 7.1.3.2, all Participating TO's that satisfied the criteria for determining Self-Sufficiency for the initial Self-Sufficiency Test Period will be deemed to be Self-Sufficient until there is any change in the criteria for determining Self-Sufficiency as a result of the ISO's review.

**7.2.4 Adjustment Bids Will Be Used by the ISO to Manage Congestion.**

**7.2.4.1 Uses of Adjustment Bids by the ISO.**

**7.2.4.1.1** The ISO shall use the Adjustment Bids, in both the Day-Ahead Market and the Hour-Ahead Market, to schedule Inter-Zonal Interface capacity to those Scheduling Coordinators which value it the most and to reflect the Scheduling Coordinators' implicit values for Inter-Zonal Interface capacity.

**7.2.4.1.2** The Adjustment Bids will be used by the ISO to determine the marginal value associated with each Congested Inter-Zonal Interface.

**7.2.4.1.3 [Not used]**

**7.2.4.1.4** The ISO shall also use the Adjustment Bids (in addition to other resources), in the ISO's real time system operation, for Intra-Zonal Congestion Management and to decrement Generation in order to accommodate Overgeneration conditions, including Reliability Must-Run Generation which the ISO requests under Reliability Must-Run Contracts.

**7.2.4.1.5** To facilitate trades amongst Scheduling Coordinators, the ISO will develop procedures to publish Adjustment Bids of those Scheduling Coordinators who authorize the publication of their identity and/or Adjustment Bids. Scheduling Coordinators will then be able to utilize this information to conduct trades to aid Congestion Management.

**7.2.4.2 Submission of Adjustment Bids.**

**7.2.4.2.1** Each Scheduling Coordinator is required to submit a preferred operating point for each of its resources. However, a Scheduling Coordinator is not required to submit an Adjustment Bid for a resource.



Interfaces. This information may include the ISO's most-current information regarding: potentially Congested paths, projected transmission uses, projected hourly Loop Flows across Inter-Zonal Interfaces, scheduled line Outages, forecasts of expected system-wide Load, the ISO's Ancillary Services requirements, Generation Meter Multipliers, and power flow outputs.

**7.2.5.2.9** The ISO will also publish information, once it is available, regarding tentative prices for the use of Inter-Zonal Interfaces, and Generation shift factors for the use of Inter-Zonal Interfaces, which indicate the relative effectiveness of Generation shifts in alleviating Congestion.

**7.2.6 Intra-Zonal Congestion Management.**

**7.2.6.1 [Not used]**

**7.2.6.1.1 [Not used]**

**7.2.6.1.2 [Not Used]**

**7.2.6.1.3 [Not Used]**

**7.2.6.1.4 [Not Used]**

**7.2.6.1.5 [Not Used]**

**7.2.6.1.6 [Not Used]**

**7.2.6.2 Intra-Zonal Congestion During Initial Period.** Except as provided in Section 5.2, the ISO will perform Intra-Zonal Congestion Management in real time using available Adjustment Bids and Imbalance Energy Bids, based on their effectiveness and in merit order, to minimize the cost of alleviating congestion.

In the event no Adjustment Bids or Imbalance Energy Bids are available, the ISO will exercise its authority to direct the redispatch of resources as allowed under the Tariff, including Sections 2.4.2 and 2.4.4.

**7.2.6.3 Cost of Intra-Zonal Congestion Management.** The net of the amounts paid by the ISO to the Scheduling Coordinators and the amounts charged to the Scheduling Coordinators will be calculated and charged to all Scheduling Coordinators through a Grid Operations Charge, as described in Section 7.3.2.

**7.2.7 Creation, Modification and Elimination of Zones.**

**7.2.7.1 Initial Zones.** The initial Zones are as set forth in Appendix I to this ISO Tariff.

**7.2.7.2 Modifying Zones.** The ISO shall monitor usage of the ISO Controlled Grid to determine whether new Zones should be created, or whether existing Zones should be eliminated, in accordance with the following procedures.

**7.2.7.2.1** If over a 12-month period, the ISO finds that within a Zone the cost to alleviate the Congestion on a path is equivalent to at least 5 percent of the product of

lease payments on facilities necessary for the ISO to carry out its business, reasonable contingencies, and annual costs of financing the ISO's working capital("Operating Costs").

**8.2.3 Financing Costs.**

The other financing costs that are approved by the ISO Governing Board, including debt service on start-up costs and future capital expenditures. Capital expenditures may be financed over such period as the ISO Governing Board shall decide ("Financing Costs").

**8.2.4 Operating and Capital Reserves Cost.**

The budgeted annual cost of pay-as-you-go capital expenditures and reasonable coverage of debt service obligations. Such reserves shall be utilized to minimize the impact of any variance between forecast and actual costs throughout the year ("Operating and Capital Reserves Costs").

**8.3 Allocation of the Grid Management Charge Among Scheduling Coordinators.**

The Grid Management Charge shall be levied monthly in arrears on all Scheduling Coordinators by charging each Scheduling Coordinator the product of the Grid Management Charge rate as calculated under Section 8.4, and the monthly metered consumption in MWh of Energy (including Wheeling Out and Wheeling Through the ISO Controlled Grid) for that Scheduling Coordinator or by such other method as shall be approved by the ISO Governing Board and filed with FERC which shall be reflected in a rate schedule appended to the ISO Tariff.

