

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.

- (a) 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.
- (b) 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.
- (c) 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:

- (d) Scheduling Coordinators (SCs);
- (e) Utility Distribution Companies (UDCs);
- (f) Participating Transmission Owners (PTOs);
- (g) interfacing Control Area operators in accordance with Inter-Control Area agreements entered into with the ISO, to the extent the agreement between the Connected Entity and the ISO so provides; and
- (h) 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, and which shall seek to reduce or eliminate Congestion. There are no Revised Schedules in the Hour-Ahead Market.

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. 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. 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 and firm Non-Converted 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 and firm Non-Converted 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 and conditional firm Non-Converted 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 and non-firm Non-Converted 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 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.

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.

