

## Joint Proposal to Address Exports of PIRP Energy<sup>1</sup>

### Applicability

This proposal applies only to Energy that is produced by a facility that is a participant in the Participating Intermittent Resource Program ("PIRP"), and whose Energy leaves the ISO Control Area.<sup>2</sup>

~~With the exception of the exemption discussed below, the provisions herein will apply to all exports of PIRP Energy that occur after the implementation date of this proposal as may be established by the Federal Energy Regulatory Commission ("FERC"). Unless grandfathered as discussed below, the provisions herein will apply to all exports of PIRP Energy that occur after the implementation date of this proposal as may be established by the Federal Energy Regulatory Commission ("FERC").~~

### Implementation Date

The proposed implementation date shall be a reasonable period of time in the future to allow adequate notice of the new rules to the market and sufficient time to finalize implementation details of this proposal. The requested implementation date shall be specified in the ISO tariff amendment filed at FERC.

### Future Re-Evaluation of this Proposal

The ISO and stakeholders agree to meet to re-evaluate this PIRP export proposal after it is filed and approved by FERC if one or more of the following events occur: (1) the MRTU tariff is approved by FERC and the approved MRTU provisions materially change the applicability of provisions of this proposal; (2) the date of \_\_\_\_\_ is reached **[date to be determined]**, or (3) the megawatt-value of participation in PIRP reaches \_\_\_\_\_ MW **[amount to be determined]**.

### Use of Bias Adjustment Factor in PIRP Operation Forecast

The ISO and stakeholders agree that there is a need to consider, on a separate track from this proposal, whether the bias adjustment factor should be eliminated from the PIRP operation forecast. It is understood that these separate efforts are currently underway and will continue.

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<sup>1</sup> This joint proposal was collaboratively developed by stakeholders at the August 1, 2006 PIRP Initiative meeting, and has been documented herein by CAISO staff. **[ISO Note: After this proposal is refined (during August), the ISO will ask stakeholders to sign on in support of the proposal and this support will be stated in the ISO tariff filing to FERC.]**

<sup>2</sup> The defined terms herein refer specifically to defined terms in the ISO tariff (Appendix A – Master Definitions Supplement).

## Exemption for Existing PIRP Energy Exports

An “Exemption Date” shall be established as the date that this proposal is approved by the ISO Board of Governors for use in an ISO tariff filing **[date to be determined, but likely to be September 7, 2006]**. Further, for purposes of this Section, an “Exempted PIRP Facility” shall refer to a facility that meets the criteria for exemption as described in this Section. The PIRP Energy produced by an Exempted PIRP Facility shall continue, so long as the facility’s exempt status is maintained, to be allocated costs according to the PIRP cost allocation methodology in place as of the Exemption Date and will not be subject to the other terms and conditions of this proposal unless specifically so identified herein.

In the case of a PIRP facility that exports PIRP Energy outside the ISO Control Area to serve the retail load of the associated PGA signatory,<sup>3</sup> an exemption shall apply to the facilities specifically identified, as of the Exemption Date, in Schedule 1 of the Signatory’s PGA. Such exemption shall continue as long as the facility is used to serve such PGA signatory’s retail electric load.

In the case of a PIRP facility that, as of the Exemption Date, has an existing power sale contract to export PIRP Energy outside of the ISO Control Area, proof of such a contractual relationship must be provided to the CAISO, who will make the determination of whether such evidence qualifies the facility for this exemption. This existing contract exemption, if allowed by the ISO, shall apply for the term of the contract that established the exemption. The PIRP facility will be subject to the terms of this proposal when such contract expires.

## Grandfathering of Existing PIRP Energy Export Contracts

~~A PIRP facility that has an existing power sale contract to export PIRP Energy outside of the ISO Control Area as of the date that this proposal is approved by the ISO Board of Governors for use in a ISO tariff filing **[date to be determined, but likely to be September 7, 2006]**, will be deemed to be grandfathered and not subject to the terms and conditions of this proposal unless specifically so identified herein. Proof of such a contractual relationship must be provided to the CAISO, who will make the sole determination of whether such evidence qualifies the facility for grandfathering under this proposal.~~

~~A PIRP facility that is eligible for grandfathering will be grandfathered for the term of the contract that established the exemption. The PIRP facility will be subject to the terms of this proposal when such contract expires.~~

## Identification of PIRP Exports after Implementation Date

PIRP facilities must self-identify to the ISO any and all exports of PIRP Energy outside of the ISO Control Area. If the ISO identifies that a PIRP facility is exporting Energy outside of the ISO Control Area, and that facility has not reported such exports to the ISO, then that kind of behavior potentially could be interpreted to violate the ISO rules of

<sup>3</sup> For purposes of this proposal, a PIRP facility that exports PIRP Energy outside the ISO Control Area is a PIRP facility for which the Participating Generator Agreement (PGA) signatory, as identified on the implementation date of this proposal, exports PIRP Energy outside of the ISO Control Area for purposes of serving its own retail load.

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conduct, including failure to provide required information (Section 37.6) and/or Market manipulation (Section 37.7). Such behavior also potentially could be interpreted by FERC to violate its regulations regarding market behavior.

## Charges Applicable to Non-Exempt Exports of PIRP Energy

~~Unless the above-described exemption applies, exports of PIRP Energy will be subject to the following charges in addition to the current charges provided in the ISO tariff for PIRP facilities: Unless grandfathered as discussed above, exports of PIRP Energy will be subject to the following charges in addition to the current charges provided in the ISO tariff for PIRP facilities:~~

1. **[A subset of the]** Intermittent Resources Net Deviation Allocation Charge (Charge Type 721) **[ISO Note: The specific subset of CTs is still to be determined. Stakeholders are considering two options of combinations of CTs: CTs 4407, 4487 and 4450; or CTs 4487 and 4450. Also, the method of allocation and other settlement details require further discussion.];**
2. Minimum Load Cost Compensation Tier 1 (Charge Type 1697); and
3. Automatic Generation Control Regulation Up and Regulation Down service charges, which would be allocated to metered Load plus PIRP exports.

**[ISO Note: The stakeholders need to further work on the specific rate design and billing determinants for the items listed above.]**

## Disposition of Funds Collected from PIRP Exports

Funds collected from exports of PIRP Energy under this proposal will be billed by the ISO to the Scheduling Coordinator for the exporting PIRP facility in the same billing month period in which its other billing amounts will be sent, and the funds billed for the non-exempt exports of PIRP Energy will be used to offset charges that would otherwise have been billed to the market under the Intermittent Resources Net Deviations Reversal charge (Charge Type 731).