

Draft Tariff Language

Regulatory Must-Take Generation – Tariff Amendment

California Independent System Operator

Fifth Replacement FERC Electric Tariff

July 27, 2012

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4.5.1.1.6.2 Scheduling Coordinator Applicant's Obligation for Contracts

A Scheduling Coordinator Applicant must certify that it is duly authorized to represent the Generators and Loads that are its Scheduling Coordinator Customers and must further certify that:

- (a) represented Generators or other suppliers have entered into Participating Generator Agreements, ~~Qualifying Facility~~Net Scheduled Participating Generator Agreements, or Pseudo Tie Participating Generator Agreements as provided in Appendices B.2, B.3, and B.16, respectively with the CAISO or other contracts that obligate the supplier to comply with the terms of the CAISO Tariff, as applicable;
- (b) represented UDCs have entered into UDC Operating Agreements as provided in Appendix B.8 with the CAISO;
- (c) represented CAISO Metered Entities have entered into Meter Service Agreements for CAISO Metered Entities as provided in Appendix B.6 with the CAISO;
- (d) none of the Wholesale Customers it will represent are ineligible for wholesale transmission service pursuant to the provisions of the FPA Section 212(h); and
- (e) each End-Use Customer it will represent is eligible for service as a Direct Access End User pursuant to an established program approved by the California Public Utilities Commission or a Local Regulatory Authority.

A Scheduling Coordinator Applicant that seeks to serve as Scheduling Coordinator for one or more Convergence Bidding Entities must certify that it is duly authorized to represent those Convergence Bidding Entities and to submit and settle Virtual Bids on their behalf.

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4.6 Relationship Between CAISO And Generators

The CAISO shall not accept Bids for any Generating Unit interconnected to the electric grid within the CAISO Balancing Authority Area (which includes a Pseudo-Tie of a Generating Unit to the CAISO Balancing Authority Area) otherwise than through a Scheduling Coordinator. The CAISO shall further not be obligated to accept Bids from Scheduling Coordinators relating to Generation from any Generating Unit interconnected to the electric grid within the CAISO Balancing Authority Area (which includes a Pseudo-Tie of a Generating Unit to the CAISO Balancing Authority Area) unless the relevant Generator undertakes in writing, by entering into a Participating Generator Agreement or, if eligible to enter such an agreement under the applicable terms of the CAISO tariff, a QF-Net Scheduled PGA, Pseudo-Tie Participating Generator Agreement, or Metered Subsystem Agreement, with the CAISO, to comply with all applicable provisions of this CAISO Tariff as they may be amended from time to time, including, without limitation, the applicable provisions of this Section 4.6 and Section 7.7.

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4.6.3 Participating Generators, Must-Take Generation And Requirements for Certain Participating Generators QFs

4.6.3.1 Participating Generators Directly Connected to a Distribution System

With regard to any Generating Unit directly connected to a ~~UDC~~Distribution-sSystem, a Participating Generator shall comply with applicable UDC tariffs requirements of the Local Regulatory Authority, interconnection requirements and generation agreements. With regard to a Participating Generator's Generating Units directly connected to a ~~UDC-s~~Distribution System, the CAISO and the UDC or MSS, as applicable, will coordinate to develop procedures to avoid conflicting CAISO and UDC or MSS, as applicable, operational directives. ~~With regard to Regulatory Must-Take Generation, the CAISO will honor applicable terms and conditions of existing agreements, including Existing QF Contracts, as specified in Section 4.6.3.2. Qualifying Facilities that are not Regulatory Must-Take Generation subject to an Existing QF Contract shall comply with the requirements applicable to Participating Generators, as specified in Section~~

4.6.3.3.

4.6.3.12 Exemption for Generating Units Less Than One (1) MW

A Generator with a Generating Unit directly connected to a ~~UDC~~ Distribution System will be exempt from compliance with this Section 4.6 and Section 10.1.3 in relation to that Generating Unit provided that (i) the rated capacity of the Generating Unit is less than one (1) MW, and (ii) the Generator does not use the Generating Unit to participate in the CAISO Markets. This exemption in no way affects the calculation of or any obligation to pay the appropriate charges or to comply with all the other applicable Sections of this CAISO Tariff. A Generating Unit with a rated capacity of less than 500 kW, unless the Generating Unit is participating in an aggregation agreement approved by the CAISO, is not eligible to participate in the CAISO Markets and the Generator is not a Participating Generator for that Generating Unit.

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4.6.3.3 Qualifying Facilities ~~without Existing QF Contracts~~ and Combined Heat and Power Resources

The owner or operator of (1) a Qualifying Facility ~~that is not subject to an Existing QF Contract,~~ (2) a resource that is subject to an Amended QF Contract, or (3) a Combined Heat and Power Resource that the CAISO is required to honor pursuant to Section 4.6.3.2 ~~shall be subject to all requirements applicable to Participating Generators pursuant to Section 4.6. The owner or operator of the Qualifying Facility~~ may satisfy the requirements of ~~this~~ Section 4.6, to the extent applicable, 3.3 by entering into ~~a Qualifying Facility~~ Net Scheduled Participating Generator Agreement (QF Net Scheduled PGA) with the CAISO, in which case it shall comply with the provisions of the QF Net Scheduled PGA and Section 4.6.3.4. In order to be eligible to enter into the Net Scheduled ~~QF~~ PGA, a Participating Generator must demonstrate to the CAISO (a) that its Generating Unit (1) has established QF status pursuant to PURPA, (2) is a party to an Amended QF Contract; or (3) is a CHP Resource and ~~that~~ (ab) that the Self-provided Load of the Participating Generator that is served by the QF resource either (1) has ~~contracted for~~ and continues through the term of the Net Scheduled ~~QF~~ PGA to have, ~~secured~~ standby service from a UDC or MSS Operator under terms approved by the Local Regulatory Authority or FERC, as applicable, or (2b) ~~the Self-provided Load~~ is curtailed concurrently with any Outage of the Generation serving that Self-provided Load in an amount sufficient to cover that Outage.

4.6.3.4 Participating Generator with a QFNet Scheduled PGA

A Participating Generator that is eligible for and has entered into a Qualifying FacilityNet Scheduled Participating Generator Agreement shall be subject to the provisions of this Section 4.6.3.4, as reflected in the terms of the Net ScheduledQF PGA.

4.6.3.4.1 Revenue Metering for a QF-Net Scheduled Generating Unit-Subject to a QF PGA

In accordance with the terms of the Net ScheduledQF PGA and Section 10.1.3.3, a Participating Generator that has entered into a Net ScheduledQF PGA may net the revenue metering value for the Generation produced by each Net Scheduled QF-Generating Unit listed in the QFNet Scheduled PGA and the revenue metering value for the Demand of the Self-provided Load that is (i) served by the Net Scheduled QF-Generating Unit and (ii) electrically located on the same side of the Point of Demarcation.

4.6.3.4.2 Telemetry for a QF-Net Scheduled Generating Unit-Subject to a QF PGA

A Participating Generator that has entered into a Net ScheduledQF PGA may satisfy the provisions of Section 7.6.1(d) for the installation of telemetry by installing telemetry at the Point of Demarcation for the purpose of recording the net impact of the Net Scheduled QF-Generating Unit upon the CAISO Controlled Grid; provided that the installed telemetry satisfies the technical, functional, and performance requirements for telemetry set forth in the CAISO Tariff and the applicable Business Practice Manual.

4.6.3.4.3 Market and Settlement Processes for a QF-Net Scheduled Generating Unit Subject to a QF PGA

For bidding, scheduling, billing, and Settlement purposes regarding the Net Scheduled QF Generating Unit Self-provided Load of a Participating Generator that has entered into a Net ScheduledQF PGA, measurements of Generation or Demand of the Net Scheduled QF Generating Unit shall be made at the Point of Demarcation. In all other respects, the Generation and Load of the Net Scheduled QF-Generating Unit shall be subject to the applicable provisions of the CAISO Tariff regarding bidding, scheduling, billing, and Settlements.

4.6.3.4.4 Operating Requirements for a ~~QF-Net Scheduled Generating Unit-Subject to a QF PGA~~

A Participating Generator that has entered into a ~~Net Scheduled QF~~ PGA shall abide by CAISO Tariff provisions regarding the CAISO's ability to dispatch or curtail Generation from the Net Scheduled ~~QF(s)-Generating Units~~ listed in its ~~Net Scheduled QF~~ PGA. The CAISO shall only dispatch or curtail a Net Scheduled ~~QF-Generating Unit~~ of the Participating Generator: (a) to the extent the Participating Generator bids Energy or Ancillary Services from the Net Scheduled ~~QF-Generating Unit~~ into the CAISO Markets or the Energy is otherwise available to the CAISO under Section 40, subject to the restrictions on operating orders set forth below; or (b) if the CAISO must dispatch or curtail the Net Scheduled ~~QF-Generating Unit~~ in order to respond to an existing or imminent System Emergency or condition that would compromise CAISO Balancing Authority Area integrity or reliability as provided in Sections 7 and 7.6.1.

The CAISO will not knowingly issue an operating order to a Participating Generator that has entered into a ~~Net Scheduled QF~~ PGA that: (1) requires a Participating Generator to reduce its Generation below the delineated minimum operating limit, other than in a System Emergency; (2) conflicts with operating instructions provided to the CAISO by the Participating Generator; or (3) results in damage to the Participating Generator's equipment, provided that any such equipment limitation has been provided to the CAISO and incorporated in the Participating Generator's operating instructions provided to the CAISO. If the Participating Generator: (1) receives a Schedule which requires operation below the minimum operating limit, and (2) deviates from that Schedule to continue to operate at the minimum operating limit, it will not be subject to any penalties or sanctions as a result of operating at the minimum operating limit. The Participating Generator's consequences for deviating from Schedules in Real-Time will be governed by the CAISO Tariff.

The CAISO shall have the authority to coordinate and approve Generation Outage schedules for the Generating Unit(s) listed in a ~~Net Scheduled QF~~ PGA, in accordance with the provisions of Section 9.

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4.6.10 RMTMax for CHP Resources

4.6.10.1 Initial Determination

Each Generating Unit that provides Regulatory Must-Take Generation from a CHP Resource must ~~provide the ISO with~~ establish an RMTMAX, which is determined as follows:

- (a) ~~established~~ by agreement of the Generating Unit's owner or operator and its Scheduling Coordinator, if the Scheduling Coordinator is a UDC or MSS, or by agreement of the Generating Unit's owner or operator and the CAISO, if not, or

- (b) in the event agreement cannot be reached,
 - (1) certified by affidavit of an independent California-licensed certified engineer based on the engineer's assessment of the annual and seasonal requirements of the host ~~and the resulting electrical output~~, with the costs of the engineer to be evenly shared by the Generating Unit's owner or operator and its Scheduling Coordinator, unless otherwise agreed upon, if the Scheduling Coordinator is a UDC or MSS, or paid entirely by the Generating Unit's owner or operator, if the Scheduling Coordinator is not a UDC or MSS. ~~;~~ and

 - (2) ~~reassessed and recertified by affidavit as often as quarterly if agreed by the Generating Unit's owner or operator and its Scheduling Coordinator, if the Scheduling Coordinator is a UDC or MSS, or by agreement of the Generating Unit's owner or operator and the CAISO, if not, and at a minimum once every year using the procedure set forth in (a) or (b) above.~~

- (c) If the Generating Unit owner or operator and the Scheduling Coordinator, if it is a UDC or MSS, agree, or if the Generating Unit owner or operator and the CAISO agree, if the resource's Scheduling Coordinator is not a UDC or MSS, two daily RMTmax values may be established, one for off-peak and one for on-peak, as those terms are defined by NERC.

- (d) ~~As part of the initial and annual recertification process, the Generating Unit owner or operator must provide the CAISO and its Scheduling Coordinator, if the Scheduling Coordinator is a UDC or MSS, with an annual non-binding indicative Regulatory Must-Take-Generation usage profile.~~

4.6.10.2 Redetermination

The RMTMax must be reestablished on an annual basis using the methodologies described in section 4.6.10.1. It may be reestablished more frequently than once a year subject to the Master File change process if agreed by the Generating Unit's owner or operator and its Scheduling Coordinator, if the Scheduling Coordinator is a UDC or MSS, or by agreement of the Generating Unit's owner or operator and the CAISO.

4.6.10.3 Usage Profile

As part of the initial and annual recertification process, the Generating Unit owner or operator must provide the CAISO and its Scheduling Coordinator, if the Scheduling Coordinator is a UDC or MSS, with an annual non-binding indicative Regulatory Must-Take Generation usage profile.

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 Section 11.5.6.3.2. Each QF subject to an Existing QF Contract ~~existing agreement with a~~

~~Participating TO for the supply of Energy to the Participating TO~~ and not subject to a PGA or Net Scheduled QF PGA will make reasonable efforts to comply with the CAISO's instructions during a System Emergency without penalty for failure to do so.

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8.2.3.3 Voltage Support

The CAISO shall determine on an hourly basis for each day the quantity and location of Voltage Support required to maintain voltage levels and reactive margins within NERC and WECC reliability standards, and any requirements of the NRC using a power flow study based on the quantity and location of scheduled Demand. The CAISO shall issue daily voltage schedules (Dispatch Instructions) to Participating Generators, Participating TOs and UDCs, which are required to be maintained for CAISO Controlled Grid reliability. All other Generating Units shall comply with the power factor requirements set forth in contractual arrangements in effect on the CAISO Operations Date, or, if no such contractual arrangements exist and the Generating Unit exists within the system of a Participating TO, the power factor requirements applicable under the Participating TO's TO Tariff or other tariff on file with the FERC.

All Participating Generators that operate Asynchronous Generating Facilities subject to the Large Generator Interconnection Agreement set forth in Appendix BB or CC shall maintain the CAISO specified voltage schedule if required under Appendix H of the Large Generator Interconnection Agreement, while operating within the power factor range specified in their interconnection agreements. For all other Generating Units, Participating Generators shall maintain the CAISO specified voltage schedule at the Generating Unit terminals to the extent possible, while operating within the power factor range specified in their interconnection agreements, or, for Regulatory Must-Take Generation with Existing QF Contracts or Amended QF Contracts, Regulatory Must-Run Generation and Reliability Must-Run Generation, consistent with existing obligations. For Generating Units that do not operate under one of these agreements, the minimum power factor range will be within a band of 0.90 lag (producing VARs) and 0.95 lead (absorbing VARs) power factors. Participating Generators with Generating Units existing at the CAISO Operations Date that are unable to meet this operating power factor requirement may apply to the CAISO for an

exemption. Prior to granting such an exemption, the CAISO shall require the Participating TO, UDC or other utility to whose system the relevant Generating Units are interconnected to notify it of the existing contractual requirements for Voltage Support established prior to the CAISO Operations Date for such Generating Units. Such requirements may be contained in CPUC Electric Rule 21 or the Interconnection Agreement with the Participating TO, UDC or other utility. The CAISO shall not grant any exemption under this Section from such existing contractual requirements. The CAISO shall be entitled to instruct Participating Generators to operate their Generating Units at specified points within their power factor ranges. Participating Generators shall receive no compensation for operating within these specified ranges.

If the CAISO requires additional Voltage Support, it shall procure this either through Reliability Must-Run Contracts or, if no other more economic sources are available, by instructing a Generating Unit to move its MVar output outside its mandatory range. Only if the Generating Unit must reduce its MW output in order to comply with such an instruction will it be eligible to recover its opportunity cost in accordance with Section 11.10.1.4.

All Loads directly connected to the CAISO Controlled Grid shall maintain reactive flow at grid interface points within a specified power factor band of 0.97 lag to 0.99 lead. Loads shall not be compensated for the service of maintaining the power factor at required levels within the bandwidth. A UDC interconnecting with the CAISO Controlled Grid at any point other than a Scheduling Point shall be subject to the same power factor requirement.

The CAISO will establish voltage control standards with UDCs and the operators of other Balancing Authority Areas and will enter into operational agreements providing for the coordination of actions in the event of a voltage problem occurring.

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9.3.5.2 Communication of Approval or Rejection

The CAISO shall use the same methods in communicating the approval or rejection of an Outage request or approval of a request to change an Approved Maintenance Outage to the relevant Operator.

9.3.5.2.1 Information regarding planned Outages for resources with an Existing QF Contract or an Amended QF Contract providing Regulatory Must-Take Generation shall be provided to the CAISO Outage Coordination Office by the Participating TO or UDC that is a party to the Existing QF Contract or an Amended QF Contract having an existing contract with such resource or by a Participating Generator. Information provided will be that obtained by the Participating TO, UDC or a Participating Generator pursuant to the terms of Existing QF Contract or an Amended QF Contract the existing agreement with the Regulatory Must-Take Generation resource or as requested by the CAISO. Scheduling and approvals of Maintenance Outages for resources with an Existing QF Contract or an Amended QF Contract providing Regulatory Must-Take Generation shall continue to be coordinated as detailed in the applicable contract with the Participating TO or UDC, provided the owner of the Regulatory Must-Take Generation resource has not executed a Participating Generator Agreement or Net Scheduled QF PGA. If the owner of a Regulatory Must-Take Generation resource has executed a Participating Generator Agreement or Net Scheduled QF PGA, it shall comply with Section 9.3.5 and other provisions applicable to Participating Generators.

9.3.6 Maintenance Outage Planning

Each Operator shall, by not later than October 15 each year, provide the CAISO with a proposed schedule of all Maintenance Outages it wishes to undertake in the following year. The proposed schedule shall include all of the Operator's transmission facilities that comprise the CAISO Controlled Grid and Generating Units subject to a Participating Generator Agreement, Net Scheduled QF PGA, or Pseudo-Tie Participating Generator Agreement (including its Reliability Must-Run Units). In the case of a Participating TO's transmission facilities, that proposed schedule shall be developed in consultation with the UDCs interconnected with that Participating TO's system and shall take account of each UDC's planned maintenance requirements. The nature of the information to be provided and the detailed Maintenance Outage planning procedure shall be established by the CAISO. This information shall include:

The following information is required for each Generating Unit of a Participating Generator:

- (a) the Generating Unit name and Location Code;

- (b) the MW capacity unavailable;
- (c) the scheduled start and finish date for each Outage; and
- (d) where there is a possibility of flexibility, the earliest start date and the latest finish date, along with the actual duration of the Outage once it commences.

The following information is required for each transmission facility:

- (a) the identification of the facility and location;
- (b) the nature of the proposed Maintenance Outage;
- (c) the preferred start and finish date for each Maintenance Outage; and
- (d) where there is a possibility of flexibility, the earliest start date and the latest finish date, along with the actual duration of the Outage once it commences.

Either the CAISO, pursuant to Section 9.3.7, or an Operator, subject to Section 9.3.6.11, may at any time request a change to an Approved Maintenance Outage. An Operator may, as provided in Section 9.3.6.3, schedule with the CAISO Outage Coordination Office a Maintenance Outage on its system, subject to the conditions of Sections 9.3.6.4.1, 9.3.6.8, and 9.3.6.9.

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10.1.3.3 Permitted Netting for a Net Scheduled Generating Unit for a QF~~with a QF PGA and Other QF Metering Requirements~~

A Generating Unit that is a QF subject to an Existing QF Contract~~and that qualifies as Regulatory Must-Take Generation~~ is subject to the revenue metering requirements set forth in the Existing QF Contract for the QF and is not subject to the revenue metering requirements of Section 10. A QF Generating Unit that is not operating under the terms of an Existing QF Contract is subject to the metering requirements of Section 10 prohibiting the net metering of Generation and Load, except if it is subject to a QF-Net Scheduled PGA. A Generating Unit that is a QF or a CHP Resource and that operates under the terms of a QF-Net Scheduled PGA is eligible for net metering treatment. Notwithstanding Section 10.1.3.2, a Participating Generator with a Net Scheduled QF PGA may net the value for the Generation produced by each Net Scheduled QF Generating Unit listed in its QF-Net Scheduled PGA and the value for the Demand of the Self-provided Load that is (i) served by the Net Scheduled QF-Generating Unit and (ii) electrically

located on the same side of the Point of Demarcation. The Participating Generator with a Net Scheduled QF-PGA may satisfy the provisions of Section 10 for the installation of revenue metering by installing Metering Facilities at the Point of Demarcation; provided that the installed Metering Facilities satisfy the technical, functional, and performance requirements for Metering Facilities set forth in Section 10 and the applicable Business Practice Manual.

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10.2.12 Exemptions

The CAISO has the authority to grant exemptions from certain CAISO metering standards for a CAISO Metered Entity, as set forth in Section 10.4. A CAISO Metered Entity with a temporary exemption shall provide site specific Revenue Quality Meter Data to the CAISO in accordance with its Meter Service Agreement for CAISO Metered Entities and the CAISO Tariff. A

Generating Unit that provides Regulatory Must-Take Generation with an Existing QF Contract or an Amended QF Contract that is connected directly to a UDC-Distribution System and that sells its entire output to the UDC or in the MSS which the Generating Unit is located is not subject to the audit, testing or certification requirements of the CAISO.

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11.23 Penalties For Uninstructed Imbalance Energy

Effective December 1, 2004, the CAISO shall not charge any Uninstructed Deviation Penalties pursuant to this Section 11.23 until FERC issues an order authorizing the CAISO to charge Uninstructed Deviation Penalties pursuant to this section. Beginning with Settlement Statements for the first Trading Day for which FERC authorizes the CAISO to charge Uninstructed Deviation Penalties pursuant to this section, the CAISO shall charge Scheduling Coordinators Uninstructed Deviation Penalties for Uninstructed Imbalance Energy resulting from resource deviations outside a Tolerance Band from their Dispatch Operating Point, for dispatched resources, or their Day-Ahead Schedule otherwise. Publishing of Uninstructed Deviation Penalty results will not occur on the Initial Settlement Statement T+3B but rather will occur on the Recalculation Settlement Statement T+12B. The Uninstructed Deviation Penalty will be applied as follows:

- (a) The Uninstructed Deviation Penalty for negative Uninstructed Imbalance Energy will be calculated and assessed in each Settlement Interval. The Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy will be calculated and assessed in each Settlement Interval in which the CAISO has not declared a staged System Emergency;
- (b) The Uninstructed Deviation Penalty will apply to pre-Dispatched Bids from Non-Dynamic System Resources identified, when such a pre-Dispatch Instruction is issued more than forty (40) minutes prior to the relevant Operating Hour, subject to the following conditions: (i) the Uninstructed Deviation Penalty will only apply to the pre-Dispatched amount of the Bid that is declined or not delivered, (ii) the Uninstructed Deviation Penalty will not apply to a portion of a pre-Dispatched Bid that is subsequently not delivered at the direction of a Balancing Authority, including the CAISO, due to a curtailment of transmission capability or to prevent curtailment of native firm load occurring subsequent to issuing the pre-Dispatch Instruction, (iii) the Uninstructed Deviation Penalty will not apply to Uninstructed Imbalance Energy resulting from declining subsequent intra-hour Dispatch Instructions. Dynamically scheduled Dynamic System Resources, to the extent they deviate from their Day-Ahead Schedule plus any Dispatch Instructions, will be subject to the Uninstructed Deviation Penalty.
- (c) The Uninstructed Deviation Penalty will not apply to Load, Curtailable Demand, or Demand Response Services.
- (d) **[NOT USED]**
- (e) The Uninstructed Deviation Penalty will not apply to Regulatory Must-Run Generation or Participating Intermittent Resources that meet the scheduling obligations established in the Eligible Intermittent Resources Protocol in Appendix Q. No other applicable charges will be affected by

this exemption. The Uninstructed Deviation Penalty also will not apply to Qualifying Facilities (QFs), including those that are dynamically scheduled, that have not executed and are not required pursuant to this CAISO Tariff to execute a Participating Generator Agreement (PGA) or ~~Qualifying Facility~~Net Scheduled Participating Generator Agreement.

- (f) All MSS resources designated as Load-following resources pursuant to Section 4.9.13.2 (regardless of gross or net settlement election) are exempt from Uninstructed Deviation Penalties in this Section 11.23. All MSS resources not designated as Load-following resources pursuant to Section 4.9.13.2 (regardless of gross or net Settlement election) are subject to Uninstructed Deviation Penalties in this Section 11.23.
- (g) The Uninstructed Deviation Penalty will apply to Generating Units providing Regulation and dynamically scheduled Dynamic System Resources providing Regulation to the extent that Uninstructed Deviations from such resources exceed each resource's actual Regulation range plus the applicable Tolerance Band. Resources providing Regulation and generating within their relevant Regulating range (or outside their relevant Regulating range as a direct result of CAISO control or instruction) will be deemed to have zero (0) deviations for purposes of the Uninstructed Deviation Penalty.
- (h) The Uninstructed Deviation Penalty will be calculated and assessed for each resource individually, except as specified in Appendix R, which specifies when Uninstructed Deviations from individual resources may be aggregated.
- (i) The Uninstructed Deviation Penalty shall not apply to any Uninstructed Imbalance Energy resulting from compliance with a directive by the CAISO or the Reliability Coordinator.
- (j) **[NOT USED]**

- (k) The Uninstructed Deviation Penalty will not apply when the applicable LMP is negative or zero.
- (l) The Uninstructed Deviation Penalty for positive Uninstructed Imbalance Energy will be the amount of the Uninstructed Imbalance Energy in excess of the Tolerance Band multiplied by a price equal to one hundred (100) percent of the corresponding LMP. The relevant LMP will be calculated for each UDP Location as the ten-minute weighted average price of two five-minute Dispatch Interval LMPs and the two five-minute optimal Instructed Imbalance Energy quantities. The net effect of the Uninstructed Deviation Penalty and the Settlement for positive Uninstructed Imbalance Energy beyond the Tolerance Band will be that the CAISO will not pay for such Energy.
- (m) The Uninstructed Deviation Penalty for negative Uninstructed Imbalance Energy will be the amount of the Uninstructed Imbalance Energy in excess of the Tolerance Band multiplied by a price equal to fifty (50) percent of the corresponding Resource-Specific Settlement Interval LMP or, in the case of aggregated resources, the Settlement Interval Penalty Location Real-Time LMP.
- (n) The Uninstructed Deviation Penalty will not apply to deviations from Energy delivered as part of a scheduled test so long as the test has been scheduled by the Scheduling Coordinator with the CAISO or the CAISO has initiated the test for the purposes of validating unit performance.
- (o) The Uninstructed Deviation Penalty shall not apply to any excess Energy delivered from or any shortfall of Energy not delivered from an Exceptional Dispatch, involving a Generating Unit or a System Unit unless the CAISO and the supplier have agreed upon the time of, duration of, and amount of Energy to be delivered in the out-of-market transaction and the CAISO reflects the out-of-market transaction in its

Real-Time Expected Energy calculations. The Uninstructed Deviation Penalty shall apply to Energy outside the Tolerance Band from out-of-market transactions with dynamically scheduled Dynamic System Resources to the extent the agreed-to Energy is not delivered or over-delivered, and to any Energy from Non-Dynamic System Resources to the extent the agreed-to Energy is not delivered if that over- or under-delivery was due to action taken by or not taken by the System Resource and not the result of action taken by a Balancing Authority due to a curtailment of firm transmission capability or to prevent curtailment of native firm load occurring subsequent to the out-of-market transaction.

- (p) The Uninstructed Deviation Penalty shall not apply to Generating Units and dynamically scheduled Dynamic System Resources with Uninstructed Imbalance Energy if the Generating Unit or dynamically scheduled Dynamic System Resource was physically incapable of delivering the expected Energy or if systems malfunctions prevent receipt of Dispatch Instructions, provided that the Generating Unit or dynamically scheduled Dynamic System Resource had notified the CAISO within thirty (30) minutes of the onset of an event that prevents the resource from performing its obligations. A Generating Unit or dynamically scheduled Dynamic System Resource must notify CAISO operations staff of its reasons for failing to deliver the Expected Energy in accordance with Section 9.3.10.6 and must provide information to the CAISO that verifies the reason the resource failed to comply with the Dispatch Instruction within forty-eight (48) hours of the Operating Hour in which the instruction is issued.
- (q) Adjustments to any Generating Unit, Curtailable Demand and System Resource Day-Ahead Schedules or HASP Intertie Schedules made in accordance with the terms of TRTC Instructions for Existing Contracts or

TORs shall not be subject to Uninstructed Deviation Penalties. Valid changes to ETC Self-Schedules or TOR Self-Schedules submitted after the close of the HASP or the RTM shall not be subject to Uninstructed Deviation Penalties.

- (r) Any changes made to Schedules prior to the CAISO issuing HASP Intertie Schedules shall not be subject to Uninstructed Deviation Penalties.
- (s) Uninstructed Deviation Penalties shall not be charged to any deviation from a Dispatch Instruction that does not comply with the requirements set forth in this CAISO Tariff.
- (t) Amounts collected as Uninstructed Deviation Penalties shall first be assigned to reduce the portion of above-LMP costs that would otherwise be assigned pro rata to all Scheduling Coordinators in that Settlement Interval. Any remaining portion of amounts collected as Uninstructed Deviation Penalties after satisfying these sequential commitments shall be treated in accordance with Section 11.29.9.6.3.
- (u) Condition 2 RMR Units shall be exempt from Uninstructed Deviation Penalties.
- (v) The Uninstructed Deviation Penalty shall not apply to positive Uninstructed Imbalance Energy attributable to operation below the Generating Unit's Minimum Operating Limit from the time the Generating Unit synchronizes to the grid to the earlier of (1) the Settlement Interval in which the Generating Unit produces a quantity of Energy that represents an average rate of delivery over such Settlement Interval in excess of the Generating Unit's Minimum Operating Limit plus the applicable Tolerance Band, or (2) the first Settlement Interval after the expiration of a period of time that begins at the end of the Settlement Interval in which the Generating Unit synchronizes to the grid and ends

after the Generating Unit's maximum Start-Up Time as specified in the Master File. The Uninstructed Deviation Penalty shall not apply to any positive Uninstructed Imbalance Energy attributable to operation below the Generating Unit's Minimum Operating Limit for a duration equal to the minimum of two Settlement Intervals or the time specified in the Master File for the Generating Unit to disconnect from the grid after reaching its Minimum Operating Limit following either (1) the last Settlement Interval of an hour in which the Generating Unit had a non-zero Day-Ahead Schedule or (2) the Settlement Interval in which the Generating Unit is expected to reach its Minimum Operating Limit based on the applicable Ramp Rate when the CAISO instructed the Generating Unit to Shut-Down. The amount of Uninstructed Imbalance Energy exempted from the Uninstructed Deviation Penalty shall not exceed the amount of the Generating Unit's Minimum Operating Limit plus the applicable Tolerance Band. This exception from the application of the Uninstructed Deviation Penalty does not apply to Dynamic System Resources.

- (w) UDP shall not apply to deviations by a Generating Unit that are attributable to any automatic response to a system disturbance, including a response to correct frequency decay, in accordance with Applicable Reliability Criteria for the duration of the system disturbance, and for an additional five (5) minutes when a Generating Unit's deviation is in the same direction as the mitigating frequency response.
- (x) The Uninstructed Deviation Penalty shall not apply in the event that a malfunction in a CAISO system application causes an infeasible Dispatch Instruction to be communicated or prevents timely communication of a Dispatch Instruction or a SLIC malfunction prevents

a resource from reporting an event that affects the resource's ability to deliver Energy.

- (y) The Uninstructed Deviation Penalty shall not apply to a failure to comply with a manual Dispatch Instruction that is not confirmed by a Dispatch Instruction transmitted through the CAISO's Automated Dispatch System.
- (z) The Uninstructed Deviation Penalty shall not apply if a Dispatch Instruction is validated after the start time of the instruction from the Settlement Interval in which the Dispatch Instruction was first effective to the earliest Settlement Interval, inclusive, in which the resource is able to respond to the Dispatch Instruction.

* * *

30.5.1 General Bidding Rules

- (a) All Energy and Ancillary Services Bids of each Scheduling Coordinator submitted to the DAM for the following Trading Day shall be submitted at or prior to 10:00 a.m. on the day preceding the Trading Day, but no sooner than seven (7) days prior to the Trading Day. All Energy and Ancillary Services Bids of each Scheduling Coordinator submitted to the HASP for the following Trading Day shall be submitted starting from the time of publication, at 1:00 p.m. on the day preceding the Trading Day, of DAM results for the Trading Day, and ending seventy-five (75) minutes prior to each applicable Trading Hour in the RTM. The CAISO will not accept any Energy or Ancillary Services Bids for the following Trading Day between 10:00 a.m. on the day preceding the Trading Day and the publication, at 1:00 p.m. on the day preceding the Trading Day, of DAM results for the Trading Day;
- (b) Bid prices submitted by a Scheduling Coordinator for Energy accepted and cleared in the IFM and scheduled in the Day-Ahead Schedule may

be increased or decreased in the HASP. Bid prices for Energy submitted but not scheduled in the Day-Ahead Schedule may be increased or decreased in the HASP. Incremental Bid prices for Energy associated with Day-Ahead AS or RUC Awards in Bids submitted to the HASP may be revised. Scheduling Coordinators may revise ETC Self-Schedules for Supply only in the HASP to the extent such a change is consistent with TRTC Instructions provided to the CAISO by the Participating TO in accordance with Section 16. Scheduling Coordinators may revise TOR Self-Schedules for Supply only in the HASP to the extent such a change is consistent with TRTC Instructions provided to the CAISO by the Non-Participating TO in accordance with Section 17. Energy associated with awarded Ancillary Services capacity cannot be offered in the HASP or Real-Time Market separate and apart from the awarded Ancillary Services capacity;

- (c) Scheduling Coordinators may submit Energy, AS and RUC Bids in the DAM that are different for each Trading Hour of the Trading Day;
- (d) Bids for Energy or capacity that are submitted to one CAISO Market, but are not accepted in that market are no longer a binding commitment and Scheduling Coordinators may submit Bids in a subsequent CAISO Market at a different price;
- (e) The CAISO shall be entitled to take all reasonable measures to verify that Scheduling Coordinators meet the technical and financial criteria set forth in Section 4.5.1 and the accuracy of information submitted to the CAISO pursuant to this Section 30; and
- (f) In order to retain the priorities specified in Section 31.4 and 34.10 for scheduled amounts in the Day-Ahead Schedule associated with ETC and TOR Self-Schedules or Self-Schedules associated with Regulatory Must-Take Generation, a Scheduling Coordinator must submit to the

HASP and Real-Time Market ETC or TOR Self-Schedules, or Self-Schedules associated with Regulatory Must-Take Generation, at or below the Day-Ahead Schedule quantities associated with the scheduled ETC, TOR or Regulatory Must-Take Generation Self-Schedules. If the Scheduling Coordinator fails to submit such HASP or Real-Time Market ETC, TOR or Regulatory Must-Take Generation Self-Schedules, the defined scheduling priorities of the ETC, TOR, or Regulatory Must-Take Generation Day-Ahead Schedule quantities may be subject to adjustment in the HASP and the Real-Time Market as further provided in Section 31.4 and 34.10 in order to meet operating conditions.

- (g) For Multi-Stage Generating Resources that receive a Day-Ahead Schedule, are awarded a RUC Schedule, or receive an Ancillary Services Award the Scheduling Coordinator must submit an Energy Bid, which may consist of a Self-Schedule, in the Real-Time Market for the same Trading Hour(s) for either the same MSG Configuration scheduled or awarded in the Integrated Forward Market or committed in RUC. In addition, the Scheduling Coordinator for such Multi-Stage Generating Resources may also submit Bids into the Real-Time Market for three other MSG Configurations provided that the MSG Transitions between the MSG Configurations bid into the Real-Time Market are feasible and the transition from the previous Trading Hour are also feasible.
- (h) For the Trading Hours that Multi-Stage Generating Resources do not have a CAISO Schedule or award from a prior CAISO Market run, the Scheduling Coordinator can submit up to three MSG Configurations into the RTM.
- (i) A Scheduling Coordinator cannot submit a Bid to the CAISO Markets for a MSG Configuration into which the Multi-Stage Generating Resource cannot transition due to lack of Bids for the specific Multi-Stage

Generating Resource in other MSG Configurations that are required for the requisite MSG Transition.

- (j) In order for Multi-Stage Generating Resource to meet any Resource Adequacy must-offer obligations, the responsible Scheduling Coordinator must submit either an Economic Bid or Self-Schedule for at least one MSG Configuration into the Day-Ahead Market and Real-Time Market that is capable of fulfilling that Resource Adequacy obligation, as feasible.
- (k) For any given Trading Hour, a Scheduling Coordinator may submit Self-Schedules and/or Submissions to Self-Provide Ancillary Services in only one MSG Configuration for each Generating Unit or Dynamic Resource-Specific System Resource.
- (l) In any given Trading Hour in which a Scheduling Coordinator has submitted a Self-Schedule for a Multi-Stage Generating Resource, the Scheduling Coordinator may also submit Bids for other MSG Configurations provided that they concurrently submit Bids that enable the applicable CAISO Market to transition the Multi-Stage Generating Resource to other MSG Configurations.
- (m) If in any given Trading Hour the Multi-Stage Generating Resource was awarded Regulation or Operating Reserves in the IFM, any Self-Schedules or Submissions to Self-Provide Ancillary Services the Scheduling Coordinator submits for that Multi-Stage Generating Resource in the RTM must be for the same MSG Configuration for which Regulation or Operating Reserve is Awarded in IFM for that Multi-Stage Generating Resource in that given Trading Hour.
- (n) If a Multi-Stage Generating Resource has received a binding RUC Start-Up Instruction as provided in Section 31, any Self-Schedule or

Submission to Self-Provide Ancillary Services in the RTM must be in the same MSG Configuration committed in RUC.

- (o) If in any given Trading Hour the Multi-Stage Generating Resource is scheduled for Energy in the IFM, any Self-Schedules the Scheduling Coordinator submits for that Multi-Stage Generating Resource in the RTM must be for the same MSG Configuration for which Energy is scheduled in IFM for that Multi-Stage Generating Resource in that given Trading Hour.

* * *

30.5.2.2 Supply Bids for Participating Generators

In addition to the common elements listed in Section 30.5.2.1, Supply Bids for Participating Generators shall contain the following components as applicable: Start-Up Bid, Minimum Load Bid, Ramp Rate, Minimum and Maximum Operating Limits; Energy Limit, Regulatory Must-Take/Must-Run Generation; Contingency Flag; and Contract Reference Number (if any).

Scheduling Coordinators submitting these Bid components for a Multi-Stage Generating

Resource must do so for the submitted MSG Configuration. Scheduling quantities that a Scheduling Coordinator schedules/identifies as Regulatory Must-Take Generation for a -CHP Resource shall be limited to the quantity necessary in any hour to meet the reasonably anticipated industrial host's thermal requirements and shall not exceed any established RMTmax values. The CHP Resource owner or operator shall provide its Scheduling Coordinator with the Regulatory Must-Take Generation values and is solely responsible for the accuracy of the information. The Scheduling Coordinator for the CHP Resource will schedule the quantities consistent with information provided subject to any contract rights between the CHP Resource Generating Unit and the Scheduling Coordinator regarding curtailment or dispatchability of the CHP Resource. A Scheduling Coordinator for a Physical Scheduling Plant or a System Unit may include Generation Distribution Factors as part of its Supply Bid. If the Scheduling Coordinator has not submitted the Generation Distribution Factors applicable for the Bid, the CAISO will use default Generation Distribution Factors stored in the Master File. All Generation Distribution

Factors used by the CAISO will be normalized based on Outage data that is available to the automated market systems. A Multi-Stage Generating Resource and its MSG Configurations are registered under a single Resource ID and Scheduling Coordinator for the Multi-Stage Generating Resource must submit all Bids for the resource's MSG Configurations under the same Resource ID. For a Multi-Stage Generating Resources Scheduling Coordinators may submit bid curves for up to ten individual MSG Configurations of their Multi-Stage Generating Resources into the Day-Ahead Market and up to three individual MSG Configurations into the Real-Time Market. Scheduling Coordinators for Multi-Stage Generating Resources must submit a single Operational Ramp Rate for each MSG Configuration for which it submits a supply Bid either in the Day-Ahead Market or Real-Time Market. For Multi-Stage Generating Resources the Scheduling Coordinator may submit the Transition Times, which cannot be greater than the maximum Transition Time registered in the Master File. To the extent the Scheduling Coordinator does not submit the Transition Time that is a registered feasible transition the CAISO will use the registered maximum Transition Time for that MSG Transition for the specific Multi-Stage Generating Resource.

* * *

* * *

40.8.1.2 Nuclear and Thermal

Nuclear and thermal Generating Units, other than Qualifying Facilities with ~~effective-Existing QF eContracts under the Public Utility Regulatory Policies Act~~ addressed in Section 40.8.1.8 below, must be a Participating Generator or a System Unit. The Qualifying Capacity of nuclear and thermal units, other than Qualifying Facilities addressed in Section 40.8.1.8, will be based on net dependable capacity defined by NERC Generating Availability Data System information.

40.8.1.3 Hydro

Hydroelectric Generating Units, other than Qualifying Facilities with ~~Existing QF eContracts under the Public Utility Regulatory Policies Act~~, must be either Participating Generators or System Units. The Qualifying Capacity of a pond or Pumped-Storage Hydro Unit, other than a QF, will be determined based on net dependable capacity defined by NERC GADS minus variable head derate based on an average dry year reservoir level. The Qualifying Capacity of a pond or

Pumped-Storage Hydro Unit that is a QF will be determined based on historic performance during the hours of noon to 6:00 p.m., using a three-year rolling average.

The Qualifying Capacity of all run-of-river hydro units, including Qualifying Facilities, will be based on net dependable capacity defined by NERC GADS minus an average dry year conveyance flow, stream flow, or canal head derate. As used in this section, average dry year reflects a one-in-five year dry hydro scenario (for example, using the 4th driest year from the last 20 years on record).

* * *

40.8.1.6 Wind and Solar

As used in this Section, wind units are those wind ~~g~~Generating Units without backup sources of Generation and solar units are those solar ~~g~~Generating Units without backup sources of Generation. Wind and solar units, other than Qualifying Facilities with Existing QF Contracts~~effective contracts under the Public Utility Regulatory Policies Act~~, must be Participating Intermittent Resources or subject to availability provisions of Section 40.6.4.3.4.

The Qualifying Capacity of all wind or solar units, including Qualifying Facilities, for each month will be based on their monthly historic performance during that same month during the hours of noon to 6:00 p.m., using a three-year rolling average. For wind or solar units with less than three years operating history, all months for which there is no historic performance data will utilize the monthly average production factor of all units (wind or solar, as applicable) within the TAC Area, or other production data from another area determined by the CAISO to be appropriate if the unit is not within a TAC Area, in which the ~~g~~Generating ~~u~~Unit is located.

40.8.1.7 Geothermal

Geothermal Generating Units, other than Qualifying Facilities with Existing QF Contracts addressed in Section 40.8.1.8, must be Participating Generators or System Units. The Qualifying Capacity of geothermal units, other than Qualifying Facilities addressed in Section 40.8.1.8, will be based on NERC GADS net dependable capacity minus a derate for steam field degradation.

40.8.1.8 Treatment of Qualifying Capacity for Qualifying Facilities

Qualifying Facilities must be subject to an effective Participating Generator Agreement or Net Scheduled QF Participating Generator Agreement or must be System Units, unless they have an Existing QF Contract ~~PURPA contract~~. Except for hydro, wind, and solar Qualifying Facilities addressed pursuant to Sections 40.8.1.3 and 40.8.1.6, the Qualifying Capacity of Qualifying Facilities under ~~PURPA-Existing QF eC~~Contracts, will be based on historic monthly Generation output during the hours of noon to 6:00 p.m. (net of Self-provided Load) during a three-year rolling average.

* * *

40.9.2 Exemptions

The following exemptions apply to the CAISO's Availability Standards program of this Section 40.9:

- (1) Resources with a ~~P~~M_{max} less than one (1.0) MW will not be used to determine Availability Standards, will not be subject to Non-Availability Charges or Availability Incentive Payments, and will not be subject to the additional Outage reporting requirements of this Section 40.9.
- (2) Capacity under a resource specific power supply contract that existed prior to June 28, 2009 and Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval prior to June 28, 2009, and is associated with specific Generating Units or System Resources, will not be subject to Non-Availability Charges or Availability Incentive Payments. Such contracted Resource Adequacy Capacity, except for non Resource-Specific System Resources, will be included in the development of Availability Standards and will be subject to any Outage reporting requirements necessary for this purpose. The exemption will apply only for the initial term of the contract and to the MW capacity quantity and Resource Adequacy Resources specified in the contract prior to June 28, 2009. The exemption shall terminate upon the conclusion of the initial contract term. Exempt contracts may be re-assigned or undergo novation on or after June 28,

2009, but the exemption shall not apply for any extended contract term, increased capacity quantity or additional resource(s) beyond those specified in the contract prior to June 28, 2009, [except as provided in Section 40.9.2\(7\) or 40.9.2\(8\)](#). Scheduling Coordinators for Resource Adequacy Resources subject to these contracts will be required to certify the start date of the contract, the expiration date, the Resource ID(s), and the amount of Resource Adequacy Capacity associated with each Resource ID included in the contract. For Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output, the capacity under a resource specific power supply contract or Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval that meets the requirements in this subsection (2) will not be subject to Non-Availability Charges or Availability Incentive Payments, except that the deadline date for either type of contract shall be August 22, 2010 instead of June 28, 2009.

- (3) For a contract entered into prior to June 28, 2009 that provides for the amount of Resource Adequacy Capacity to increase during the original term of the contract, based on a ratio of the Resource Adequacy Resource's output or due to an addition of capacity, the exemption provided in subsection (2) of this Section 40.9.2 will apply to the additional capacity allowed under the contract; provided that the capacity increase (i) is expressly contained in the provisions of the contract, (ii) occurs during the primary term of the contract; and (iii) does not result from contract extensions or other amendments to the original terms and conditions of the contract, [except as provided in Section 40.9.2\(7\) or 40.9.2\(8\)](#). Scheduling Coordinators for Resource Adequacy Resources subject to contracts that provide for such capacity increases or additions must include in their certification, in addition to the requirements of subsection (2) of this Section 40.9.2, (i) the citation to any contract provisions that might entitle them to

increased exempt Resource Adequacy Capacity from the contracted resources during the primary term of the contract; (ii) the amount of additional capacity to which they might be entitled; and (iii) the actual effective date of the capacity increase. If the actual amount of capacity and/or the actual effective date of the capacity increase is not known at the time of the initial certification, the Scheduling Coordinator shall provide a supplemental certification(s) when this information becomes known. For Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output the exemption provided in subsection (2) of this Section 40.9.2 will apply to an increase in the capacity under a resource specific power supply contract or Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval that meets the requirements in this subsection (3), except that the deadline date for either type of contract to be exempt shall be August 22, 2010 instead of June 28, 2009.

- (4) Demand response resources will not be used to determine Availability Standards, will not be subject to Non-Availability Charges or Availability Incentive Payments, and will not be subject to the additional Outage reporting requirements of this Section 40.9.
- (5) Resource Adequacy Capacity provided through contracts for Energy from non-specified resources delivered within the CAISO Balancing Authority Area will not be used to determine Availability Standards, will not be subject to Non-Availability Charges or Availability Incentive Payments, and will not be subject to the additional Outage reporting requirements of this Section 40.9. ~~and~~
- (6) Resource Adequacy Resources of a Modified Reserve Sharing LSE or a Load following MSS will be used to determine the Availability Standards and will be subject to any Outage reporting requirements necessary for this purpose. Non-Local Capacity Area Resource Adequacy Resources of a Modified Reserve Sharing LSE or a Load following MSS will not be subject to Non-Availability

Charges or Availability Incentive Payments, but those entities shall remain responsible for any other applicable deficiency payments under this CAISO Tariff or the applicable MSS Agreement.

- (7) Scheduling Coordinators for ~~Qualifying Facilities~~resources with Existing QF Contracts or Amended QF Contracts that are Resource Adequacy Resources shall be exempt from the Outage reporting requirements of Section 40.9 if the resource previously provide~~s~~s Resource Adequacy Capacity under an Existing QF Contract ~~existing agreement for Regulatory Must-Take Generation~~ that was~~is~~ exempt from the application of Non-Availability Charges and Availability Incentive Payments pursuant to Section 40.9.2(2) or 40.9.2(3). This exemption from the Outage reporting requirements of Section 40.9 shall end for each resource when the Amended QF Contract ~~its contract~~ terminates or it is no longer eligible for exemption under Section 40.9.2(2) or 40.9.2(3), or if requested by the Scheduling Coordinator for the resource, whichever is earlier.
- (8) Scheduling Coordinators for ~~Qualifying Facilities~~resources with Existing QF Contracts or Amended QF Contracts that are Resource Adequacy Resources shall be exempt from the Outage reporting requirements of Section 40.9, and will not be subject to Non-Availability Charges or Availability Incentive Payments, if the QF resource previously provide~~s~~s Resource Adequacy Capacity pursuant to an Existing QF Contract ~~agreement for Regulatory Must-Take Generation~~ that was executed prior to the August 22, 2010 deadline for exemption under Section 40.9.2(2), and remained~~s~~ in effect pursuant to California Public Utilities Commission Decision 07-09-040 that extended the term of expiring contracts until such time as the new contracts resulting from that decision are available. This exemption from the Outage reporting requirements of Section 40.9, and the Availability Incentive Payments and Non-Availability Charges, shall end for each resource when its Amended QF ~~e~~CContract terminates or if requested by the Scheduling Coordinator for the resource, whichever is earlier.

Exclusions from the Availability Standards and Outage reporting requirements established in this Section 40.9 are for this Section 40.9 alone and do not affect any other obligation arising under the CAISO Tariff.

* * *

43.5.2 Obligation To Provide Capacity And Termination

The decision to accept an CPM designation shall be voluntary for the Scheduling Coordinator for any resource. If the Scheduling Coordinator for a resource accepts an CPM designation, it shall be obligated to perform for the full quantity and full period of the designation with respect to the amount of CPM Capacity for which it has accepted an CPM designation. If a Participating Generator's or Participating Load's Eligible Capacity is designated under the CPM after the Participating Generator or Participating Load has filed notice to terminate its Participating Generator Agreement, ~~QF-Net Scheduled~~ PGA, Pseudo-Tie Participating Generator Agreement, or Participating Load Agreement or withdraw the Eligible Capacity from its Participating Generator Agreement, ~~QF-Net Scheduled~~ PGA, Pseudo-Tie Participating Generator Agreement, or Participating Load Agreement, and the Scheduling Coordinator for the resource agrees to provide service under the CPM, then the Scheduling Coordinator shall enter into a new Participating Generator Agreement, ~~QF-Net Scheduled~~ PGA, Pseudo-Tie Participating Generator Agreement, or Participating Load Agreement, as applicable, with the CAISO.

* * *

Appendix A

Master Definition Supplement

* * *

- Amended QF Contract

A Legacy PPA, as defined in the settlement approved by the CPUC in Decision D. 10-12-035 (December 16, 2010), as modified in Decision D.11-07-010 (July 15, 2011), that became effective on or prior to December 20, 1995 or, in the case of a Participating Generator employing landfill gas technology, on or prior to December 31, 1996, that has been amended to include terms that conform with a Legacy PPA Amendment or a Legacy PPA C1 Amendment, as defined by said

settlement, but also in a manner that (a) requires compliance with the CAISO Tariff; (b) does not require the resource to maintain QF status; (c) does not extend the term of the agreement or provide for an increase in the generating capacity of the resource; and (d) does not change the electrical characteristics of the resource.

* * *

- CHP Resource

A Combined Heat and Power Resource.

* * *

- Combined Heat and Power Resource

A Generating Unit that produces electric energy and forms of useful thermal energy used by an industrial or commercial host for industrial, commercial, heating or cooling purposes or a Generating Unit that produces electricity from waste heat.

* * *

- Eligible Intermittent Resource

A Generating Unit or Dynamic System Resource 1 MW or larger subject to a Participating Generator Agreement, QFNet Scheduled PGA, Dynamic Scheduling Agreement for Scheduling Coordinators, or Pseudo-Tie Participating Generator Agreement that is powered by wind or solar energy, except for a de minimis amount of Energy from other sources.

* * *

- Existing QF Contract

A Legacy PPA, as defined in the settlement approved by the CPUC in Decision D. 10-12-035 (December 16, 2010), as modified in Decision D.11-07-010 (July 15, 2011), that became effective on or prior to December 20, 1995 or, in the case of a Generator employing landfill gas technology, on or prior to December 31, 1996, and (1) has not been amended subsequent to November 23, 2011 or (2) has been amended in a manner that (a) does not extend the term of the Legacy Contract, (b) does not increase the capacity subject to the PPA, and (c) does not require compliance with the CAISO Tariff. An agreement for the sale of capacity, Energy, and/or Ancillary Services by a Participating Generator to an electric utility from a Qualifying Facility that

~~became effective on or prior to December 20, 1995 or, in the case of a Participating Generator employing landfill gas technology, on or prior to December 31, 1996.~~

* * *

~~**- Must-Take/Must-Run Generation**~~

~~The Bid component that identifies Generating Units that are Regulatory Must-Take Generation or Regulatory Must-Run Generation.~~

* * *

- Net Scheduled-QF Generating Unit

A Generating Unit-Qualifying Facility identified in a Net Scheduled-QF PGA operated as a single unit such that the Energy bid or self-scheduled with the CAISO is the net value of the aggregate electrical net output of the Qualifying Facility-Generating Unit and the Self-provided Load.

Net Scheduled Participating Generator Agreement

An agreement between the CAISO and a Generator eligible to execute such an agreement under Section 4.6.3.3, a pro forma version of which is set forth in Appendix B.3.

Net Scheduled PGA

A Net Scheduled Participating Generator Agreement.

* * *

- Non-Dispatchable Use-Limited Resource

A Use-Limited Resource that cannot be increased or curtailed at the direction of the CAISO in the Real-Time Dispatch of the CAISO Balancing Authority Area to Supply or consume Energy, such as certain Qualifying Facilities.

* * *

- Participating Generator

A Generator or other seller of Energy or Ancillary Services through a Scheduling Coordinator over the CAISO Controlled Grid (1) from a Generating Unit with a rated capacity of 1 MW or greater, (2) from a Generating Unit with a rated capacity of from 500 kW up to 1 MW for which the Generator elects to be a Participating Generator, or (3) from a Generating Unit providing Ancillary Services or submitting Energy Bids through an aggregation arrangement approved by the CAISO, which has undertaken to be bound by the terms of the CAISO Tariff, in the case of a Generator through a Participating Generator Agreement, QF-Net Scheduled PGA, or Pseudo-Tie Participating Generator Agreement.

* * *

- Point Of Demarcation

For a Net Scheduled ~~QF~~ Generating Unit, the point (1) where the electrical conductors from the Net Scheduled QF Generating Unit contact an electric utility system or the CAISO Controlled Grid; or (2) if dedicated utility distribution facilities are employed, where the dedicated facilities contact the electric utility system or the CAISO Controlled Grid.

* * *

- QF

Qualifying Facility

~~**- QF PGA**~~

~~Qualifying Facility Participating Generator Agreement~~

* * *

- Qualifying Facility (QF)

A qualifying cogeneration facility or qualifying small power production facility, as defined in the Code of Federal Regulations, Title 18, Part 292 (18 C.F.R. § 292).

~~**- Qualifying Facility Participating Generator Agreement**~~

~~An agreement between the CAISO and a Generator with a QF Generating Unit, a pro-forma version of which is set forth in Appendix B.3.~~

* * *

- Regulatory Must-Take Generation

~~These~~ generation from the following resources ~~identified by CPUC, or a Local Regulatory Authority, the operation of which is not subject to competition.~~ These resources will be scheduled ~~by that~~ the relevant Scheduling Coordinator schedules directly with the CAISO as Regulatory Must-Take Generation on a must-take basis:

- ~~(1) Regulatory Must-Take Generation includes~~ generation from Generating Units from ~~Qualifying Facility Generating Units~~ subject to
- (a) an Existing QF Contract or an Amended QF Contract, or
 - (b) a QF power purchase agreement for a QF 20 MW or smaller pursuant to a mandatory purchase obligation as defined by federal law;
- ~~(2) Generation delivered from a CHP Resource needed to serve its host thermal requirements up to RMTmax in any hour; and~~
- ~~(3) Generation from~~ nuclear units and pre-existing power purchase contracts with minimum Energy take requirements.

* * *

- RMTmax

For a Generating Unit that provides Regulatory Must-Take Generation from a CHP Resource, the

minimum operating level at which the Generating Unit can safely and reliably meet host requirements and efficiently make use of available thermal energy, as established under section 4.6.10. The use of the term efficiently is not intended to incorporate the efficiency requirements of 18 C.F.R. § 292.205 or any successor Federal regulation, or any contractual requirement.

* * *

- Self-Provided Load

The portion of Load that is served by a Net Scheduled QF-Generating Unit listed in a QF-Net Scheduled -PGA, consistent with Section 218(b) of the California Public Utilities Code.

- Self-Schedule

The Bid component that indicates the quantities in MWhs with no specification of a price that the Scheduling Coordinator is submitting to the CAISO, which indicates that the Scheduling Coordinator is a Price Taker, Regulatory Must-Run Generation or Regulatory Must-Take Generation, which includes ETC and TOR Self-Schedules and Self-Schedules for Converted Rights.

* * *

Appendix B Pro Forma Agreements

* * *

Appendix B.2 Participating Generator Agreement

* * * *

2.2.1 Exemption for Certain Generators. A The Generator with an Existing QF Contract existing power purchase agreement with a UDC is not required to sign a Participating Generator Agreement if: (a) the Generator sells all of its Energy (excluding any Energy consumed by auxiliary Load equipment electrically connected to that Generator's Generating Unit at the same point) and Ancillary Services to the UDC; (b) the Generator sells any Energy through "over the fence" arrangements as authorized under Section 218(b) of the California Public Utilities Code; or (c) the Generator employs landfill gas technology for the generation of electricity as authorized under 218(c) of the California Public Utilities Code. With respect to subsections (a) and (b), an existing power purchase agreement shall mean an agreement which has been entered into and is effective as of December 20, 1995. With respect to subsection (c), an existing power purchase agreement shall mean an agreement which has been entered into and is effective as of December 31, 1996.

* * * *

Appendix B.3

QF-Net Scheduled Participating Generator Agreement

THIS AGREEMENT is dated this ____ day of _____, ____ and is entered into, by and between:

(1) **[Full Legal Name]**, having its registered and principal place of business located at **[Address]** (the "Participating Generator");

and

(2) **California Independent System Operator Corporation**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate, ~~initially 151 Blue Ravine Road, Folsom, California 95630~~ (the "CAISO").

The Participating Generator and the CAISO are hereinafter referred to as the "Parties".

Whereas:

- A. The CAISO Tariff provides that the CAISO shall not accept Bids for Energy or Ancillary Services generated by any Generating Unit interconnected to the CAISO Controlled Grid, or to the Distribution System of a Participating TO or of a UDC or MSS Operator otherwise than through a Scheduling Coordinator.
- B. The CAISO Tariff further provides that the CAISO shall not be obliged to accept Bids relating to Generation from any Generating Unit interconnected to the CAISO Controlled Grid unless the relevant Generator undertakes in writing to the CAISO to comply with all applicable provisions of the CAISO Tariff.
- C. The Participating Generator wishes to be able to submit Bids, from a **Qualifying Facility** Net Scheduled **QF-Generating Unit** to the CAISO through a Scheduling Coordinator and, therefore, wishes to undertake to the CAISO that it will comply with the applicable provisions of the CAISO Tariff, except as otherwise specified in this Agreement.
- D. It is the intent of the Parties that this Agreement will harmonize the special operational characteristics of the Participating Generator's **Qualifying Facility** Net Scheduled **Generating Unit** with the CAISO's grid operation function. Nothing in this Agreement is intended to limit or restrict the rights of the Participating Generator under Section 4.6.3.2 of the CAISO Tariff.
- E. The Parties are entering into this Agreement in order to establish the terms and conditions on which the CAISO and the Participating Generator will discharge their respective duties and responsibilities under the CAISO Tariff.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 Master Definitions Supplement. Unless defined in this Agreement, all capitalized terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the CAISO Tariff.

1.2 Rules of Interpretation. The following rules of interpretation and conventions shall apply to this Agreement:

- (a) if there is any inconsistency between this Agreement and the CAISO Tariff, the CAISO Tariff will prevail to the extent of the inconsistency, except as expressly provided otherwise in this Agreement;
- (b) the singular shall include the plural and vice versa;
- (c) the masculine shall include the feminine and neutral and vice versa;
- (d) "includes" or "including" shall mean "including without limitation";
- (e) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (f) a reference to a given agreement 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;
- (g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (h) unless the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (j) any reference to a day, week, month or year is to a calendar day, week, month or year; and
- (k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II

ACKNOWLEDGEMENTS OF PARTICIPATING GENERATOR AND CAISO

- 2.1 CAISO Responsibility.** The Parties acknowledge that the CAISO is responsible for the efficient use and reliable operation of the CAISO Controlled Grid consistent with achievement of planning and Operating Reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability Corporation and further acknowledges that the CAISO may not be able to satisfy fully these responsibilities if the Participating Generator fails to fully comply with all of its obligations under this Agreement.
- 2.2 Scope of Application to Parties.** The Participating Generator and CAISO acknowledge that all Qualifying Facility Generators, ~~(except those specified in Section 2.2.1 of this Agreement), and CHP Resources~~ wishing to submit Bids, to the CAISO through a Scheduling Coordinator shall first execute this Agreement or the standard Participating Generator Agreement applicable to ~~non-QF any~~ Generators. The Parties acknowledge that execution of this Agreement by the Participating Generator satisfies the requirement ~~of a written agreement as~~ set forth in Section 4.6 of the CAISO Tariff.
- 2.2.1 Exemption for Certain Generators.** ~~A~~ The Generator with an ~~existing power purchase agreement~~ Existing QF Contract with a UDC is not required to sign a ~~QF-Net Scheduled~~ Participating Generator Agreement if: (a) the Generator sells all of its Energy (excluding any Energy consumed by auxiliary Load equipment electrically connected to ~~the~~ QF at the same point) and Ancillary Services to the UDC; (b) the Generator sells any Energy through "over the fence" arrangements as authorized under Section 218(b) of the California Public Utilities Code; or (c) the Generator employs landfill gas technology for the generation of electricity as authorized under 218(c) of the California Public Utilities Code. ~~With respect to subsections (a) and (b), an existing power purchase agreement shall mean an agreement which has been entered into and is effective as of December 20, 1995. With respect to subsection (c), an existing power purchase agreement shall mean an agreement which has been entered into and is effective as of December 31, 1996.~~

ARTICLE III

TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement and shall be effective as of the later of: (1) the date the Agreement is executed by the Parties; or (2) where the Participating Generator is a party to an existing Participating Generator Agreement, the date upon which termination of the existing Participating Generator Agreement is accepted for filing and made effective by FERC, if such FERC filing is required; or (3) where the Participating Generator is a party to an existing Participating Generator Agreement and this Agreement is required to be filed with FERC for acceptance, the later of the date upon which termination of the existing Participating Generator Agreement is accepted for filing and made effective by FERC, or the date this Agreement is accepted for filing and made effective by FERC.
- 3.2 Termination**
- 3.2.1 Termination by CAISO.** Subject to Section 5.2, the CAISO may terminate this Agreement by giving written notice of termination in the event that the Participating Generator commits any material default under this Agreement and/or the CAISO Tariff which, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given, to the Participating Generator, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this

Agreement. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC, if this Agreement was filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if: (1) the filing of the notice of termination is made after the preconditions for termination have been met, and the CAISO files the notice of termination within sixty (60) days after issuance of the notice of default; or (2) the CAISO files the notice of termination in accordance with the requirements of FERC Order No. 2001. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, or thirty (30) days after the date of the CAISO's notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

3.2.2 Termination by Participating Generator. In the event that the Participating Generator no longer wishes to submit Bids and transmit Energy or provide Ancillary Services through a Scheduling Coordinator over the CAISO Controlled Grid, it may terminate this Agreement, on giving the CAISO not less than ninety (90) days written notice, provided, however, that in accordance with Section 4.1.3, the Participating Generator may modify Schedule 1 to eliminate generating resources which it no longer owns or no longer has contractual entitlement to and such modification shall be effective upon receipt by the CAISO. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met, and the CAISO files the notice of termination within thirty (30) days of receipt of such request; or (2) the CAISO files the notice of termination in accordance with the requirements of FERC Order No. 2001. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if such notice is required to be filed with FERC, or upon ninety (90) days after the CAISO's receipt of the Participating Generator's notice of termination, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

ARTICLE IV

GENERAL TERMS AND CONDITIONS

4.1 Net Scheduled Generating UnitsQFs

4.1.1 Identification of Net Scheduled Net Scheduled Generating UnitQF. The Participating Generator has identified the Net Scheduled Generating UnitQF that it owns, operates or has a contractual entitlement to, in Schedule 1, as required by Section 4.6.4 of the CAISO Tariff.

4.1.2 Technical Characteristics. The Participating Generator shall provide to the CAISO the required information regarding operating contacts, rated capacity, and operating characteristics of the Net Scheduled Generating UnitQF. Pursuant to Sections 8.9 and 8.10 of the CAISO Tariff, and the Existing QF Contract or Amended QF Contract, if any, associated with that Net Scheduled Generating UnitQF, the CAISO may verify, inspect and test the capacity and operating characteristics of the Net Scheduled Generating UnitQF. The performance of such inspection or test shall be conducted at a time mutually agreed upon by the Parties, which agreement shall not unreasonably be withheld.

4.1.3 Notification of Changes. Sixty (60) days prior to changing any technical information in Schedule 1, the Participating Generator shall notify the CAISO of the proposed changes.

Pursuant to Sections 8.9 and 8.10 of the CAISO Tariff, the CAISO may verify, inspect and test the capacity and operating characteristics; provided that the performance of such inspection or test is conducted at a time mutually agreed upon by the Parties, which agreement shall not unreasonably be withheld. The CAISO shall post on the CAISO Website a schedule showing, for at least one year in advance: (i) the proposed dates on which the CAISO's Master File will be updated, which dates shall occur at least every three months; (ii) the dates on which the information contained in the revised Master File will become effective; and (iii) the deadlines by which changed technical information must be submitted to the CAISO in order to be tested and included in the next scheduled update of the CAISO's Master File. Unless the Participating Generator fails to test at the values in the proposed change(s), the change will become effective upon the effective date for the next scheduled update of the Master File, provided the Participating Generator submits the changed information by the applicable deadline. Subject to such notification this Agreement shall not apply to any Net Scheduled ~~QF~~ Generating Unit identified in Schedule 1 which the Participating Generator no longer owns nor has contractual entitlement.

- 4.2 Agreement Subject to CAISO Tariff.** The Parties will comply with all applicable provisions of the CAISO Tariff except as expressly provided in Sections 4.2.1 through 4.2.5 of this Agreement.
- 4.2.1 Net Generation Metering.** Notwithstanding Section 10.1.3 of the CAISO Tariff, the Participating Generator may net the value for the Generation produced by each Net Scheduled Generating Unit ~~QF~~ listed in Schedule 1 and the value for the Demand of the Self-provided Load that is (i) served by the Net Scheduled Generating Unit ~~QF~~ and (ii) electrically located on the same side of the Point of Demarcation.
- 4.2.2 Meter and Telemetry Location.** The Participating Generator may satisfy the provisions of the CAISO Tariff for the installation of meters and telemetry by installing at the Point of Demarcation meters and telemetry for the purpose of recording the net impact of the Net Scheduled Generating Unit ~~QF~~ upon the CAISO Controlled Grid; provided that the installed meters and telemetry satisfy the technical functional and performance requirements for meters and telemetry set forth in the CAISO Tariff.
- 4.2.3 Scheduling, Billing and Settlement.** For scheduling, billing, and settlement purposes regarding Net Scheduled Generating Unit ~~QF~~ Self-provided Load, measurements shall be made at the Point of Demarcation.
- 4.2.4 Operating Limitations.** Net Scheduled Generating Unit ~~QF~~ operating limitations shall be set forth in Schedule 1 of this Agreement-, the resource data template used for transmittal of Participating Generator technical data to the CAISO pursuant to the CAISO Tariff, or as otherwise mutually agreed to by the Parties.
- 4.2.5 Limitations on CAISO Operating Orders.** The CAISO will not knowingly issue an operating order that: (1) requires the Participating Generator to reduce its Generation below the delineated Mminimum Ooperating Limit, other than in a System Emergency; (2) conflicts with operating instructions provided by the Participating Generator; or (3) results in damage to the Participating Generator's equipment, provided that any such equipment limitation has been provided to the CAISO and incorporated in the Participating Generator's operating instructions to the CAISO. If the Participating Generator: (1) receives a Schedule which requires operation below the Mminimum Ooperating Limit, and (2) deviates from that Schedule to continue to operate at the Mminimum Ooperating Limit, it will not be subject to any penalties or sanctions as a result of operating at the Mminimum Ooperating Limit. The Participating Generator's consequences for deviating from Schedules in Real-Time will be governed by the CAISO Tariff.

4.3 Obligations Relating to Ancillary Services

4.3.1 Submission of Bids. When the Scheduling Coordinator on behalf of the Participating Generator submits a Bid for Ancillary Services, the Participating Generator will, by the operation of this Section 4.3.1, warrant to the CAISO that it has the capability to provide that service in accordance with the CAISO Tariff and that it will comply with CAISO Dispatch Instructions for the provision of the service in accordance with the CAISO Tariff.

4.3.2 Certification. The Participating Generator shall not use a Scheduling Coordinator to submit a Bid for the provision of an Ancillary Service or submit a Submission to Self-Provide an Ancillary Service unless the Scheduling Coordinator serving that Participating Generator is in possession of a current certificate pursuant to Sections 8.3.4 and 8.4 of the CAISO Tariff.

4.4 Obligations relating to Major Incidents

4.4.1 Major Incident Reports. The Participating Generator shall promptly provide such information as the CAISO may reasonably request in relation to major incidents, in accordance with Section 4.6.7.3 of the CAISO Tariff.

4.5 Dispatch and Curtailment. The CAISO shall only dispatch or curtail a Net Scheduled Generating Unit QF of the Participating Generator: (a) to the extent the Participating Generator bids Energy or Ancillary Services from the Net Scheduled Generating Unit QF into the CAISO's markets or the Energy is otherwise available to the CAISO under Section 40 or 43 of the CAISO Tariff; or (b) if the CAISO must dispatch or curtail the Net Scheduled Generating Unit QF in order to respond to an existing or imminent System Emergency or condition that would compromise CAISO Balancing Authority Area integrity or reliability as provided in Sections 7 and 7.6.1 of the CAISO Tariff.

4.6 Information to Be Provided by Participating Generator. The Participating Generator shall provide to the CAISO (a) ~~a copy of the FERC order providing Qualifying Facility status to the Net Scheduled QF listed in Schedule 1,~~ (b) a copy of any existing power purchase agreement, if any, with a UDC or MSS for the Net Scheduled Generating Unit QF listed in Schedule 1, and (c) a copy or a summary of the primary terms of any agreement for standby service with a UDC or MSS Operator, a statement that the Net Scheduled Generating Unit is taking standby service pursuant to UDC tariff, or a statement that the Self-provided Load shall be curtailed concurrently with any Outage of the Generation serving that Self-provided Load in an amount sufficient to cover that Outage. The Participating Generator shall notify the CAISO promptly of any change in the status of any of the foregoing.

ARTICLE V

PENALTIES AND SANCTIONS

5.1 Penalties. If the Participating Generator fails to comply with any provisions of this Agreement, the CAISO shall be entitled to impose penalties and sanctions on the Participating Generator. No penalties or sanctions may be imposed under this Agreement unless a Schedule or CAISO Tariff provision providing for such penalties or sanctions has first been filed with and made effective by FERC. Nothing in the Agreement, with the exception of the provisions relating to the CAISO ADR Procedures, shall be construed as waiving the rights of the Participating Generator to oppose or protest any penalty proposed by the CAISO to the FERC or the specific imposition by the CAISO of any FERC-approved penalty on the Participating Generator.

- 5.2 Corrective Measures.** If the Participating Generator fails to meet or maintain the requirements set forth in this Agreement and/or in the CAISO Tariff as limited by the provisions of this Agreement, the CAISO shall be permitted to take any of the measures, contained or referenced in the CAISO Tariff, which the CAISO deems to be necessary to correct the situation.

ARTICLE VI

COSTS

- 6.1 Operating and Maintenance Costs.** The Participating Generator shall be responsible for all its costs incurred in connection with operating and maintaining the Net Scheduled QF identified in Schedule 1 for the purpose of meeting its obligations under this Agreement.

ARTICLE VII

DISPUTE RESOLUTION

- 7.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to the Participating Generator and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

- 8.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 8.2 Necessary Approvals.** The Participating Generator represents that all necessary leases, approvals, permits, licenses, easements, rights of way or access to install, own and/or operate its Net Scheduled QF have been or will be obtained by the Participating Generator prior to the effective date of this Agreement.
- 8.3 Specific Warranty.** The Participating Generator represents and warrants that: (1) the Net Scheduled Generating Unit QF listed in Schedule 1 is (a) a Qualifying Facility or is operated as an integral part of a Qualifying Facility, or (b) is a CHP Resource, and (2) (a) the Self-provided Load of the Participating Generator that is served by the Net Scheduling QF either has, ~~contracted for~~ and continues to have through the term of this Agreement, ~~to have secured~~ standby service from a UDC or MSS Operator under terms approved by the Local Regulatory Authority or the Federal Energy Regulatory Commission, as applicable, or (b) that the Self-provided Load shall be curtailed concurrently with any Outage of the Generation serving that Self-provided Load in an amount sufficient to cover that Outage.

ARTICLE IX

LIABILITY

- 9.1 Liability.** The provisions of Section 14 of the CAISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to the Participating Generator and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE X

UNCONTROLLABLE FORCES

- 10.1 Uncontrollable Forces Tariff Provisions.** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be read as a reference to the Participating Generator and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE XI

MISCELLANEOUS

- 11.1 Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.
- 11.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the CAISO Tariff, provided that all references in Section 22.4 of the CAISO Tariff to Market Participants shall be read as a reference to the Participating Generator and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 3. A Party must update the information in Schedule 3 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 11.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 11.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal

court of the United States of America located in the State of California, or, where subject to its jurisdiction, before the Federal Energy Regulatory Commission.

- 11.5 Consistency with Federal Laws and Regulations.** This Agreement shall incorporate by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement.
- 11.6 Merger.** This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.
- 11.7 Severability.** If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.
- 11.8 [NOT USED]**
- 11.9 Amendments.** This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. If the amendment does not require FERC approval, the amendment will be filed with FERC for information. Nothing contained herein shall be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder, and the Participating Generator shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 11.10 Counterparts.** This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.
- 11.11 Rights Reserved.** Execution of this Agreement does not deprive the Participating Generator of any unexpressed legal right, either under law or under an existing power purchase agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

[NAME OF PARTICIPATING GENERATOR]

By: _____

Name: _____

Title: _____

Date: _____

[The following page is a placeholder for Schedule 1, Section 1.]

SCHEDULE 2

CAISO IMPOSED PENALTIES AND SANCTIONS

[Section 5.1]

TO BE INSERTED UPON FERC APPROVAL

SCHEDULE 3

**NOTICES
(Section 11.2)**

Participating Generator

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

CAISO

Name of Primary

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

Name of Alternative

Representative: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____

Fax No: _____

* * *

Appendix F

Rate Schedules

* * *

Schedule 4

Eligible Intermittent Resources Forecast Fee

A charge up to \$.10 per MWh shall be assessed on the metered Energy from Eligible Intermittent Resources as a Forecast Fee, provided that Eligible Intermittent Resources smaller than 10 MW that are not Participating Intermittent Resources and that sold power pursuant to a power purchase agreement

entered into pursuant to PURPA prior to entering into a PGA or QFNet Scheduled PGA shall be exempt from the Forecast Fee.

The rate of the Forecast Fee shall be determined so as to recover the projected annual costs related to developing Energy forecasting systems, generating forecasts, validating forecasts, and monitoring forecast performance, that are incurred by the CAISO as a direct result of participation by Eligible Intermittent Resources in CAISO Markets, divided by the projected annual Energy production by all Eligible Intermittent Resources.

The initial Forecast Fee, and all subsequent changes as may be necessary from time to time to recover costs incurred by the CAISO for the forecasting conducted on the behalf of Eligible Intermittent Resources pursuant to the foregoing rate formula, shall be set forth in a Business Practice Manual.

Participating Intermittent Resources Export Fee

A Participating Intermittent Resources Export Fee shall be assessed to Exporting Participating Intermittent Resources each calendar month. The Participating Intermittent Resources Export Fee shall be calculated as the product of (1) the sum of all Settlement costs avoided by Participating Intermittent Resources for the preceding calendar month, or portion thereof, consisting of Charge Codes 6486 [Real Time Excess Cost For Instructed] and 1487 [Energy Exchange Program Neutrality], but excluding charges for Uninstructed Energy associated with Charge Code 6475, (2) by the ratio of the total MW/h generated by an Exporting Participating Intermittent Resource during the calendar month, or portion thereof (based on metered output), by the total MW/h generated by all Participating Intermittent Resources during the calendar month, or portion thereof (based on metered output), and (3) by the percentage of the Exporting Participating Intermittent Resource's capacity deemed exporting under Section 5.3 of the EIRP or PIR Export Percentage.

Participating Intermittent Resources Export Fee per Participating Intermittent Resource =

Program Costs x (MW/h individual Participating Intermittent Resource/MW/h all Participating Intermittent Resources) x PIR Export Percentage

* * *

Appendix I Station Power Protocol

* * *

1.2 Eligibility

1.2.1 Only Station Power Loads associated with Generating Units in the CAISO Balancing Authority Area that are part of an approved Station Power Portfolio may be self-supplied in accordance with this SPP. Each Generating Unit must be subject to a PGA, QFNet Scheduled PGA, or MSS Agreement. Any generating facility outside the CAISO Balancing Authority Area owned by the same entity is eligible to provide Remote Self-Supply to Station Power Loads, subject to the terms of this SPP. Generating Units wishing to self-supply Station Power, by means other than netting permitted under Section 10.1.3 of the CAISO Tariff, shall complete the application process specified in Section 2 of this SPP.

* * *

2 Station Power Requirements and Review

2.1 Applications to Self-Supply Station Power

2.1.1 An application to establish a Station Power Portfolio or to modify the configuration of Station Power meters or the generating facilities included in a Station Power Portfolio must be submitted according to the process specified by the CAISO and posted on the CAISO Website, and shall include the following information:

- (a) One-line diagrams clearly showing the location and ownership of all Generating Units and Station Power meters, their connection to the CAISO Controlled Grid or distribution system, and the status of breakers and switchgear for normal system operation.
- (b) Identification of any generating facilities outside the CAISO Balancing Authority Area, to be used to provide Remote Self-Supply of Station Power within the proposed Station Power Portfolio. No loads associated with generating facilities outside the CAISO Balancing Authority Area may be supplied under this SPP.
- (c) Certification that the applicant is the sole owner of all generating facilities proposed to be included in the Station Power Portfolio, and that the applicant has the right to call on Energy for its own use from its ownership share of any jointly owned facilities that are proposed to be used to self-supply Station Power.
- (d) Demonstration that each Station Power meter is certified in accordance with the CAISO Tariff.
- (e) Verification that each Station Power meter is subject to a Meter Service Agreement for CAISO Metered Entities, and that each Generating Unit is bound to the CAISO Tariff by a PGA, ~~QF-Net Scheduled~~ PGA, or MSS Agreement.
- (f) Verification that the applicant has arranged for terms of service with the responsible UDC or MSS Operator for the use of any distribution facilities required to self-supply Station Power.

* * *

Appendix M Dynamic Scheduling Protocol (DSP)

* * *

1.5.10 Unless the Dynamic System Resource (1) is implemented as a directly-telemetered Load following functionality, (2) is base-loaded Regulatory Must-Take Generation, (3) responds to a CAISO intra-hour Dispatch Instruction, or (4) is an Eligible Intermittent Resource, the Dynamic Schedule representing such resource must follow WECC-approved practice of 20-minute ramps centered at the top of the hour. The CAISO does not provide any special Settlements treatment nor offer any CAISO Tariff exemptions for dynamic Load following functionalities.

* * *

2.5.8 Unless the Dynamic Schedule of an export of Energy from a Generating Unit (1) is implemented as a directly-telemetered load following functionality, (2) is base-loaded Regulatory Must-Take Generation, (3) responds to an intra-hour dispatch instruction from the receiving Balancing Authority, or (4) is an Eligible Intermittent Resource, the Dynamic Schedule representing such resource must follow WECC-approved practice of 20-minute ramps centered at the top of the hour. The CAISO does not provide any special Settlements treatment nor offer any CAISO Tariff exemptions for dynamic load following functionalities.

* * *

Appendix Q

Eligible Intermittent Resources Protocol (EIRP)

* * *

2.2.1 Agreements

The following agreements must be executed by the owner or operator of any Eligible Intermittent Resource, unless that resource is not subject to any of these agreements pursuant to the CAISO Tariff, such as an Eligible Intermittent Resource of an MSS Operator:

- (a) A Participating Generator Agreement, QFNet Scheduled PGA, Dynamic Scheduling Agreement for Scheduling Coordinators, or Pseudo-Tie Participating Generator Agreement that, among other things, binds the Eligible Intermittent Resource to comply with the CAISO Tariff; and
- (b) A Meter Service Agreement for CAISO Metered Entities, for all Eligible Intermittent Resources other than Dynamic System Resources.

If an Eligible Intermittent Resource intends to become a Participating Intermittent Resource, it must also execute a letter of intent, which when executed and delivered to the CAISO shall initiate the process of certifying the Participating Intermittent Resource. The form of the letter of intent shall be specified by the CAISO in a Business Practice Manual.

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