


# Good Faith Negotiation Procedure


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Effective Date 6/23/2020

 <b>California ISO</b>	External and Customer Affairs	Suggested Review Date:	4/23/2021
		ID No.:	
<b>Good Faith Negotiation Procedure</b>		Version No.:	1.0


### REVISION HISTORY

VERSION NO.	DATE REVIEW STARTED	EFFECTIVE DATE	REVISED BY	DESCRIPTION
1.0	5/29/2020	6/23/2020	Keoni Almeida	Procedure released

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<b>Good Faith Negotiation Procedure</b>		Version No.:	1.0

## TABLE OF CONTENTS

<b>1.0</b>	<b>PURPOSE</b> .....	<b>1</b>
<b>2.0</b>	<b>SCOPE</b> .....	<b>1</b>
<b>3.0</b>	<b>INITIATING GFNS</b> .....	<b>1</b>
<b>4.0</b>	<b>GFN ACKNOWLEDGMENT</b> .....	<b>2</b>
<b>5.0</b>	<b>EVALUATION PROCESS</b> .....	<b>2</b>
<b>6.0</b>	<b>GFN CONCLUSION</b> .....	<b>3</b>
<b>7.0</b>	<b>CONTACTS</b> .....	<b>3</b>
<b>8.0</b>	<b>APPROVAL</b> .....	<b>3</b>

 <b>California ISO</b>	External and Customer Affairs	Suggested Review Date:	4/23/2021
		ID No.:	
<b>Good Faith Negotiation Procedure</b>		Version No.:	1.0

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## 1.0 PURPOSE

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This procedure is designed to implement negotiations under Section 13.2.1 of the tariff, which is the first step in the dispute resolution process under Section 13. This is sometimes referred to as a good faith negotiation or “GFN”.

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## 2.0 SCOPE

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While this procedure governs all requests for GFN, by far the most common use of the GFN process is to resolve disputes related to ISO settlements – that is, when a market participant has pursued a settlement dispute through the process described in Section 11.29.8 of the tariff, but is not satisfied with the result. If, after exhausting all options under the settlement dispute process (or any other ISO process), a market participant believes that the ISO erred in denying its dispute (or reaching another decision), it may continue to pursue a claim through Section 13 of the tariff, beginning with a GFN.

This procedure does not cover the settlement dispute process, which is addressed in the BPM for Settlements & Billing, Section 5. Nor does this procedure cover the process after negotiations detailed in Section 13, which includes mediation, arbitration or proceedings at the FERC, which is covered by the ISO’s Dispute Resolution Procedure, available [here](#).


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## 3.0 INITIATING GFNS

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Before requesting a GFN, the ISO requests that the market participant contact their ISO Client Representative to notify them of their intent to pursue GFN and to request a preliminary meeting. For settlement disputes, the ISO may initiate a more extensive discussion between the market participant and the ISO team that includes a settlements analyst. These discussions can help ensure the market participant understands the reasons their dispute was denied, which is essential to submitting a request for GFN, as well as ensure the ISO understands the market participant’s position. In some cases the dispute could be resolved by eliminating any misunderstanding on the part of the market participant or ISO settlement staff.

A market participant that wishes to pursue a GFN, whether it concerns a settlement dispute that was denied or another issue, must submit a written request to the VP, External and Customer Affairs, [scrowley@caiso.com](mailto:scrowley@caiso.com). The ISO Client Representative should be copied. When a settlement dispute is involved, requests must be submitted within 90 days after the dispute is denied. See tariff Section 13.1.4. Market participants should keep this deadline in mind if they are engaged in further discussions with the settlements dispute team, because the requirement is not tolled for these discussions and cannot be otherwise altered or waived by the ISO.

 <b>California ISO</b>	External and Customer Affairs	Suggested Review Date:	4/23/2021
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<b>Good Faith Negotiation Procedure</b>		Version No.:	1.0

*Issues subject to negotiation:* In the context of a settlement dispute that a market participant believes was denied in error, the purpose of a GFN is to review whether the ISO has applied its rules correctly and to avoid unnecessary litigation. GFNs are not an avenue for considering changes to or departures from clear tariff rules. Federal law does not allow the ISO to ignore or waive such rules. The proper avenue for challenging an unambiguous tariff rule is either to seek an amendment through the ISO’s policy process or file a complaint with FERC under Section 206 of the Federal Power Act. See Tariff section 13.1. Clear tariff rules include, for example, the deadlines for submitting disputes of settlement statements; the ISO will engage in GFN to review a settlement issue only if the market participant submitted a timely dispute.

*Contents of a request:*

To assure that requests involve genuine disagreements about how to apply the ISO’s rules, all requests must include: “

- An explanation of the underlying dispute
- Why the market participant believes the ISO has incorrectly applied tariff or BPM rules

To expedite processing the request should include:

- Cite the rules that the ISO relied on in denying the dispute
- Any other rules the market participant believes should apply
- Identify a lead negotiator to act on behalf of the market participant

If a request does not include a clear explanation of why the market participant disagrees with the ISO’s application of the rules, the ISO reserves the right to deny the request for GFN on that basis.

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#### **4.0 GFN ACKNOWLEDGMENT**

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The ISO acknowledges written requests for GFN in approximately 14 business days of receipt. Assuming a request meets the requirements described above, the ISO will arrange a telephone call to discuss the process for resolving the dispute. This process will be tailored to fit each dispute depending on the issues involved and the overall complexity.

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#### **5.0 EVALUATION PROCESS**

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GFNs are complex and can require significant time to resolve. The ISO strives to address GFNs within a time frame that will permit any resulting settlement adjustments to be made without unnecessarily long delay. For example, if the ISO is expecting that

 <b>California ISO</b>	External and Customer Affairs	Suggested Review Date:	4/23/2021
		ID No.:	
<b>Good Faith Negotiation Procedure</b>		Version No.:	1.0

a negotiation will result in adjustments, it would make every effort to reach agreement in time so that those adjustments could be reflected on a T+18M settlement statement, so that the market participant does not need to wait for the T+33M.

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## 6.0 GFN CONCLUSION

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If a resolution is reached, the ISO will memorialize the agreement in a letter. If the ISO concludes the negotiations by denying the claim in whole or in part, a market participant may pursue the matter further by submitting a Statement of Claim under tariff Section 13.2.2, or by filing a complaint with the FERC.

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## 7.0 CONTACTS

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For questions regarding subject matter covered in this procedure, please contact Keoni Almeida ([kalmeida@caiso.com](mailto:kalmeida@caiso.com)).

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## 8.0 APPROVAL

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This procedure has been reviewed and approved by:

**Responsible Manager:**

Keoni Almeida  
 Manager, Stakeholder Affairs

Signature on file  
 Signature

6/22/2020  
 Date

**Sponsoring Officer (when applicable):**

Stacey Crowley  
 Vice President, External and Customer Affairs

Signature on file  
 Signature

6/22/2020  
 Date