

**SP 3**

**TIME LINES**

- (a) Consistent with Section 2.2.12.1 of the ISO Tariff, the ISO may implement any temporary variation or waiver of timing requirements contained in this SP (including the omission of any step) if any of the following criteria are met:
  - (i) the ISO receives Schedules that require delay in performing Day-Ahead Market or Hour-Ahead Market evaluations, such as in the case of the ISO receiving Inter-Scheduling Coordinator Energy Trades that do not balance;
  - (ii) the ISO requires additional time to fulfill its responsibilities pursuant to Section 2.2.2 of the ISO Tariff;
  - (iii) problems with data or the processing of data cause a delay in receiving or issuing Schedules or publishing information on the WEnet;
  - (iv) problems with telecommunications or computing infrastructure cause a delay in receiving or issuing Schedules or publishing information on the WEnet; or
  - (v) such waiver or variation of timing requirements is reasonably necessary to preserve System Reliability, prevent an imminent or threatened System Emergency or to retain Operational Control over the ISO Controlled Grid during an actual System Emergency.
  
- (b) If the ISO temporarily implements a waiver or variation of such timing requirements (including the omission of any step) consistent with Section 2.2.12.1 of the ISO Tariff and SP 3(a), the ISO will publish the following information on WEnet as soon as practicable:
  - (i) the exact timing requirements affected;
  - (ii) details of any substituted timing requirements;
  - (iii) an estimate of the period for which this waiver or variation will apply; and
  - (iv) reasons for the temporary waiver or variation.

- (c) If, despite the variation of any time requirement or the omission of any step, the ISO either fails to receive sufficient Schedules to operate the Day-Ahead Market or is unable to perform Congestion Management in the Day-Ahead Market, the ISO may abort the Day-Ahead Market and require all Schedules to be submitted, and Congestion Management to be performed, in the Hour-Ahead Market.
- (d) If, despite the variation of any time requirement or omission of any step, the ISO either fails to receive sufficient Schedules to operate the Hour-Ahead Market or is unable to perform Congestion Management in the Hour-Ahead Market, the ISO may abort the Hour-Ahead Market and function in real time.
- (e) The incorporation of the scheduling of the use of rights under Existing Contracts into the ISO's Day-Ahead, Hour-Ahead and real time processes is additionally described in SP 7 and in the SBP.

**SP 3.1           Balanced Schedules**

**SP 3.1.1       Types of Balanced Schedules**

A Schedule shall be treated as a Balanced Schedule when the SC's aggregate Generation and external imports (adjusted for Transmission Losses) and Inter-Scheduling Coordinator Energy Trades (whether purchases or sales), equal the SC's aggregate Demand forecast, including external exports, with respect to all entities for which the SC schedules. On an interim basis, the ISO may assist SCs in matching Inter-Scheduling Coordinator Energy Trades.

**SP 3.1.6 Final Schedules**

If the ISO notifies a SC that there will be no Congestion on the ISO Controlled Grid based on the Preferred Schedules submitted by all SCs, the Preferred Schedule shall become that SC's Final Schedule. If the ISO has adjusted the SC's Preferred Schedule to match Inter-Scheduling Coordinator Energy Trades then the adjusted Preferred Schedule shall become that SC's Final Schedule. If the ISO notifies a SC that there will be no Congestion on the ISO Controlled Grid based on the Revised Schedules submitted by all SCs, the Revised Schedule shall become that SC's Final Schedule. If the ISO has adjusted the SC's Revised Schedule to match Inter-Scheduling Coordinator Energy Trades then the adjusted Revised Schedule shall become that SC's Final Schedule. If there is Congestion based on the Revised Schedules or mismatches in Inter-Scheduling Coordinator Energy Trades, the ISO shall adjust the Revised Schedules and issue Final Schedules. The SCs will be notified, via WEnet, that their Schedules have become final. The ISO will also publish a final set of Usage Charges for Energy transfers between Zones, applicable to all SCs.

**SP 3.2 Day-Ahead Market**

The Day-Ahead Market is a forward market for Energy and Ancillary Services. The Day-Ahead Market operates individually for each Settlement Period of the Trading Day. The Day-Ahead Market starts at 6:00 pm two days ahead of the Trading Day and ends at 1:00 pm on the day ahead of the Trading Day, at which time the ISO issues the Final Day-Ahead Schedules.

**SP 3.2.1 By 6:00 pm, Two Days Ahead**

By 6:00 pm two days ahead of the Trading Day (for example, by 6:00 pm on Monday for the Wednesday Trading Day), the ISO will publish, via WEnet, the following information for each Settlement Period of the Trading Day:

- (a) a forecast of conditions on the ISO Controlled Grid, including transmission line and other transmission facility Outages;
- (b) a forecast of Generation Meter Multipliers (GMMs), as developed in accordance with SP 4, at each Generator location and Scheduling Point;
- (c) a forecast of system Demands by Zone;

- (a) SCs will submit their Preferred Day-Ahead Schedules to the ISO in accordance with the SBP;
- (b) SCs will submit, as part of their Preferred Day-Ahead Schedules, their Adjustment Bids, if any, to the ISO in accordance with the SBP;
- (c) SCs will submit their Ancillary Services bids, if any, to the ISO in accordance with the SBP and SP 9;
- (d) SCs will submit their schedules for self-provided Ancillary Services, if any, to the ISO in accordance with the SBP and SP 9;
- (e) the ISO will validate (in accordance with the SBP) all SC submitted Preferred Day-Ahead Schedules for Energy and Adjustment Bids and may assist SCs to resolve mismatches in scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades in accordance with the procedure described in SP 3.2.6.4;
- (f) the ISO will validate (in accordance with the SBP) all SC submitted schedules for self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids which were part of their Preferred Day-Ahead Schedules;
- (g) the ISO will start the first iteration of Inter-Zonal Congestion Management process as described in SP 10;
- (h) the ISO will start the Ancillary Services bid evaluation process as described in SP 9;
- (i) the ISO will notify SCs of any Reliability Must-Run Units which have not been included in Preferred Day-Ahead Schedules but which the ISO requires to run in the Trading Day, except in those instances where a Reliability Must-Run Unit requires more than one day's notice, in which case the ISO may notify the applicable SC more than one day in advance of the Trading Day; and
- (j) the ISO will notify SCs of any Ancillary Services it requires from specific Reliability Must-Run Units under their Reliability Must-Run Contracts in the Trading Day.

**SP 3.2.6.2 Pre-validation**

At 10 minutes prior to the deadline for submittal of the Preferred Day-Ahead Schedules, Adjustment Bids, schedules for self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids (the "submittal"), the

ISO shall conduct a pre-validation of the stage two validation described in the SBP. The purpose of this is to allow the SCs,

particularly those involved in the Inter-Scheduling Coordinator Energy Trades, to identify and resolve any validation problems. The ISO will immediately communicate the results of each SC's pre-validation to that SC via WEnet.

**SP 3.2.6.3 Invalidation**

Invalidation of the submittal for any Settlement Period results in rejection of the submittal for all Settlement Periods of the relevant Trading Day. During the initial operations of the ISO, the ISO may assist SCs to resolve mismatches in the scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades contained in their Preferred Schedules in accordance with SP 3.2.6.4. SCs may check at any time prior to 10:00 am whether or not their submittal will pass the ISO's validation checks at 10:00 am. It is the responsibility of the SCs to perform such checks since Preferred Day-Ahead Schedules, Adjustment Bids, Schedules of self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids which are invalidated cannot be resubmitted after 10:00 am for the Day-Ahead Market, except that, during the initial period of ISO operations, the ISO will allow resubmission of Preferred Schedules which have mismatches in the scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades. The ISO will immediately communicate the results of each SC's 10:00 am validation to that SC via WEnet.

**SP 3.2.6.4 Inter-Scheduling Coordinator Energy Trades - Mismatches**

During the initial period of ISO operations, if the ISO detects a mismatch in the scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades, the ISO will promptly notify both the receiving and sending SCs that a mismatch exists and will specify the time, which will allow them approximately one half-hour, by which they may submit modified Schedules which resolve the mismatch. If the SCs are unable to resolve the mismatch as to quantities in the allotted time and provided there is no dispute as to whether the trade occurred or over its location, then the ISO may adjust the SCs' Schedules in accordance with the following procedure:

- (a) The ISO will determine which Schedule contains the higher scheduled quantity of Energy for the Inter-Scheduling Coordinator Energy Trade and will reduce it so that it is equal to the lower scheduled quantity. However, if the Schedule specifying the higher scheduled quantity of Energy contains only Inter-Scheduling Coordinator Energy Trades, the ISO will increase the Schedule specifying the lower quantity of

Energy so that it is equal to the higher scheduled quantity of Energy.

- (b) If there is a dispute between the SCs as to whether the trade occurred or over its location, the ISO will remove the disputed trade from the Schedules in which it appears.
- (c) As a consequence of the adjustments under (a) or (b) above, the SCs whose Schedules have been adjusted will no longer have a Balanced Schedule. The ISO will adjust their resources based on the following priority: Demands, exports, imports, Generation, and other Inter-Scheduling Coordinator Energy Trades.
- (d) The adjustments to each SC's portfolio will be based on the Adjustment Bids provided by the SC.
- (e) The ISO will notify each SC whose Schedule has been adjusted as to the adjustment in its Schedule.

**SP 3.2.7 By 11:00 am, One Day Ahead**

By 11:00 am on the day ahead of the Trading Day (for example, by 11:00 am on Tuesday for the Wednesday Trading Day) and for each Settlement Period of that Trading Day:

- (a) the ISO will complete the first iteration of the Inter-Zonal Congestion Management process described in SP 10 (if Inter-Zonal Congestion does not exist in any Settlement Period of the Trading Day, the scheduling process will continue with the steps at SP 3.2.9);
- (b) the ISO will provide, via WEnet, Suggested Adjusted Day-Ahead Schedules for Energy to all SCs which submitted Preferred Day-Ahead Schedules at 10:00 am, including the SCs which it is proposed should, as a result of Inter-Zonal Congestion Management, have their Preferred Day-Ahead Schedules modified;
- (c) the ISO will publish on WEnet the estimated Day-Ahead Usage Charge rate (in \$/MWh of scheduled flow) for Energy transfers between Zones; and
- (d) the ISO will provide, via WEnet, along with the Suggested Adjusted Day-Ahead Schedules, schedules for Ancillary Services to the SCs which either:
  - (i) submitted Ancillary Services bids and which, as a result, are proposed to supply Ancillary Services; or

- (ii) submitted schedules to self-provide Ancillary Services and which schedules have been accepted by the ISO.

**SP 3.2.8 By 12:00 Noon, Day Ahead**

By 12:00 noon on the day ahead of the Trading Day (for example, by 12:00 noon on Tuesday for the Wednesday Trading Day) and for each Settlement Period of that Trading Day (except where Inter-Zonal Congestion does not exist, in which case, the scheduling process will omit this step):

**SP 3.2.8.1 Actions by SCs and the ISO**

- (a) SCs will submit Revised Day-Ahead Schedules to the ISO, in response to the ISO's Suggested Adjusted Day-Ahead Schedules, in accordance with the SBP;
- (b) SCs will submit, as part of their Revised Day-Ahead Schedules, revised Adjustment Bids (allowing the range of usage to change, but not the prices), if any, to the ISO in accordance with the SBP;
- (c) SCs will submit revised Ancillary Services bids, if any, to the ISO in accordance with the SBP and SP 9;
- (d) SCs will submit their schedules for self-provided Ancillary Services, if any, to the ISO in accordance with the SBP and SP 9;
- (e) the ISO will validate (in accordance with the SBP) all SC submitted Revised Day-Ahead Schedules for Energy and Adjustment Bids and may assist SCs to resolve mismatches in scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades in accordance with the same procedure described in SP 3.2.8.4;
- (f) the ISO will validate (in accordance with the SBP) all SC submitted schedules for self-provided Ancillary Services and Ancillary Services bids which were part of their Revised Day-Ahead Schedules;
- (g) the ISO will start the second (and final) iteration of the Inter-Zonal Congestion Management process as described in SP 10;
- (h) the ISO will start the second (and final) iteration of the Ancillary Services bid evaluation process as described in SP 9; and



- (i) the ISO will use the SC's Preferred Day-Ahead Schedule in the event the SC does not submit a Revised Day-Ahead Schedule. If a SC desires to revise only part of its Preferred Day-Ahead Schedule, those portions of the Revised Day-Ahead Schedule must be submitted, including both the removal of any resources in the Preferred Day-Ahead Schedule which are not to be included in the Revised Day-Ahead Schedule and the addition of any resources that were not included in the Preferred Day-Ahead Schedule but that are to be included in the Revised Day-Ahead Schedule. A SC's failure to remove such resources will cause the Revised Schedule to be unbalanced, and rejected as such in the ISO's validation process.

**SP 3.2.8.2 Pre-validation**

At 10 minutes prior to the deadline for submittal of the Revised Day-Ahead Schedules, Adjustment Bids, schedules for self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids (the "submittal"), the ISO shall conduct a pre-validation of the stage two validation described in the SBP. The purpose of this is to allow the SCs, particularly those involved in Inter-Scheduling Coordinator Energy Trades, to identify and resolve any validation problems. The ISO will immediately communicate the results of the pre-validation of each SC's submittal to that SC via WEnet.

**SP 3.2.8.3 Invalidation**

Invalidation of the submittal for any Settlement Period results in rejection of the submittal for all Settlement Periods of the relevant Trading Day. During the initial operations of the ISO, the ISO may assist SCs to resolve mismatches in the scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades in accordance with 3.2.8.4. SCs may check at any time prior to 12:00 noon whether or not their submittal will pass the ISO's validation checks (which are undertaken at 12:00 noon). It is the responsibility of the SCs to perform such checks since Revised Day-Ahead Schedules, Adjustment Bids, schedules of self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids which are invalidated cannot be resubmitted after 12:00 noon for the Day-Ahead Market, except that during the initial period of operations, the ISO will allow resubmission of Schedules to resolve mismatches in the scheduled quantities and locations for Inter-Scheduling Coordinator Energy Trades. The ISO will immediately communicate the results of each SC's 12:00 noon validation to that SC via WEnet.

**SP 3.2.8.4 Inter-Scheduling Coordinator Energy Trades - Mismatches**

During the initial period of ISO operations, if the ISO detects a mismatch in the scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades, the ISO will promptly notify both the receiving and sending SCs that a mismatch exists and will specify the time, which will allow them approximately one half-hour, by which they may submit modified Schedules which resolve the mismatch. If the SCs are unable to resolve the mismatch as to quantities in the allotted time and provided there is no dispute as to whether the trade occurred or over its location, the ISO may adjust the SCs' Schedules in accordance with the following procedure:

- (a) The ISO will determine which Schedule contains the higher scheduled quantity of Energy for the Inter-Scheduling Coordinator Energy Trade and will reduce it so that it is equal to the lower scheduled quantity. However, if the Schedule specifying the higher scheduled quantity of Energy contains only Inter-Scheduling Coordinator Energy Trades, the ISO will increase the Schedule specifying the lower quantity of Energy so that it is equal to the higher scheduled quantity of Energy.
- (b) If there is a dispute between the SCs as to whether the trade occurred or over its location, the ISO will remove the disputed trade from the Schedules in which it appears.
- (c) As a consequence of the adjustments under (a) or (b) above, the SCs whose Schedules have been adjusted will no longer have a Balanced Schedule. The ISO will adjust their resources based on the following priority: Demands, exports, imports, Generation, and other Inter-Scheduling Coordinator Energy Trades.
- (d) The adjustments to each SC's portfolio will be based on the Adjustment Bids provided by the SC.
- (e) The ISO will notify each SC whose Schedule has been adjusted as to the adjustment in its Schedule.

**SP 3.2.9 By 1:00 pm, Day Ahead**

By 1:00 pm on the day ahead of the Trading Day (for example, by 1:00 pm on Tuesday for the Wednesday Trading Day) and for each Settlement Period of that Trading Day:

- (a) the ISO will complete the second iteration, if necessary, of the Inter-Zonal Congestion Management process described in SP 10;

- (b) the ISO will provide, via WEnet, Final Day-Ahead Schedules to all SCs which, depending on the existence of Inter-Zonal Congestion, could be:
  - (i) the Preferred Day-Ahead Schedules (when no Congestion was found at 11:00 am and no mismatched Inter-Scheduling Coordinator Energy Trades);
  - (ii) the Revised Day-Ahead Schedules (when no Congestion was found at 1:00 pm and no mismatched Inter-Scheduling Coordinator Energy Trades);
  - (iii) modified Revised Day-Ahead Schedules for those SCs which had their Revised Day-Ahead Schedules for Energy modified for Inter-Zonal Congestion or mismatches in Inter-Scheduling Coordinator Energy Trades; or
  - (iv) modified Preferred Day-Ahead Schedules for those SCs which had their Preferred Schedule for Energy modified for Inter-Scheduling Coordinator Energy Trade mismatches;
- (c) the ISO will publish on WEnet the Day-Ahead Usage Charge rate (in \$/MWh of scheduled flow) for Energy transfer between Zones, if any;
- (d) the ISO will provide, via WEnet, as part of the Final Day-Ahead Schedules, schedules for Ancillary Services to the SCs which either:
  - (i) submitted Ancillary Services bids and which, as a result, have been selected to supply Ancillary Services; or
  - (ii) submitted schedules to self-provide Ancillary Services and which schedules have been validated by the ISO; and
  - (iii) specified Inter-Scheduling Coordinator Ancillary Service Trades which have been validated by the ISO; and
- (e) the ISO will coordinate with adjacent Control Areas on the net schedules between the ISO Control Area and such other Control Areas. If the ISO and the operator of an adjacent Control Area have different records with respect to the net schedules, individual SC intertie schedules will be examined. If the other Control Area's records are determined to be

- (f) correct, the ISO will notify the affected SC. The affected SC is required to correct its schedule in the Hour-Ahead Market.

**SP 3.2.10 By 1:30 pm, Day Ahead**

By 1:30 pm on the day ahead of the Trading Day (for example, by 1:30 pm on Tuesday for the Wednesday Trading Day) and for each Settlement Period of the Trading Day the ISO will publish, via WEnet, an updated forecast of system Demands.

**SP 3.3 Hour-Ahead Market**

- (a) The Hour-Ahead Market is a “deviations” market in that it represents changes from the Day-Ahead Market commitments already made for each Settlement Period in the Trading Day. The SCs do not schedule these deviations. Instead, these deviations are calculated by the ISO as the difference between the Final Hour-Ahead Schedules (reflecting updated forecasts of Generation, Demand, external imports/exports and Inter-Scheduling Coordinator Energy Trades) and the Final Day-Ahead Schedules. If a SC does not submit a valid Preferred Hour-Ahead Schedule, its Final Day-Ahead Schedule will be deemed to be its Preferred Hour-Ahead Schedule.
- (b) The Hour-Ahead Markets for each Settlement Period of each Trading Day open when the Day-Ahead Market commitments are made for the same Trading Day. Hour-Ahead Market commitments are made one hour ahead of the start of the applicable Settlement Period, at which time the ISO issues the Final Hour-Ahead Schedules. There is an option in the bid submittal process for a SC to submit a Schedule or bid for one Settlement Period of the Trading Day or a set of Schedules and bids for all Settlement Periods of the Trading Day (but only between 1:00 pm and 12:00 midnight the day before).

**SP 3.3.1 By Two Hours Ahead**

By two hours ahead of the Settlement Period (for example, by 10:00 am for the Settlement Period starting at 12:00 noon [or hour ending 1300]) and with respect to that Settlement Period:

**SP 3.3.1.1 Actions by SCs and the ISO**

- (a) SCs will submit their Preferred Hour-Ahead Schedules to the ISO in accordance with the SBP;
- (b) SCs will submit, as part of their Preferred Hour-Ahead Schedules, their Adjustment Bids, if any, to the ISO in accordance with the SBP;

- (c) SCs will submit their Ancillary Services bids, if any, to the ISO in accordance with the SBP and SP 9;
- (d) SCs will submit their Schedules for self-provided Ancillary Services and Inter-Scheduling Coordinator Ancillary Service Trades, if any, to the ISO in accordance with the SBP and SP 9;
- (e) the ISO will validate (in accordance with the SBP) all SC submitted Preferred Hour-Ahead Schedules for Energy and Adjustment Bids;
- (f) the ISO will validate (in accordance with the SBP) all SC submitted Schedules for self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids which were part of their Preferred Hour-Ahead Schedules;
- (g) the ISO will start the Inter-Zonal Congestion Management process as described in SP 10; and
- (h) the ISO will start the Ancillary Services bid evaluation process as described in SP 9.

**SP 3.3.1.2 Pre-validation**

At 10 minutes prior to the deadline for submittal of the Preferred Hour-Ahead Schedules, Adjustment Bids, schedules for self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids (the "submittal"), the ISO shall conduct a pre-validation of the stage two validation described in the SBP. The purpose of this is to allow the SCs, particularly those involved in the Inter-Scheduling Coordinator Energy Trades, to identify and resolve any validation problems. The ISO will immediately communicate the results of the pre-validation of each SC's submittal to that SC via WEnet.

**SP 3.3.1.3 Invalidation**

Invalidation of the submittal results in rejection of the submittal. SCs may check at any time prior to two hours ahead of the relevant Settlement Period whether or not their submittals will pass the ISO's validation checks (which are undertaken at two hours ahead of the Settlement Period). It is the responsibility of SCs to perform such checks since Preferred Hour-Ahead Schedules, Adjustment Bids, schedules of self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades and Ancillary Services bids which are invalidated cannot be resubmitted for the Hour-Ahead Market after two hours ahead of the relevant Settlement Period.

The ISO will immediately communicate the results of each SC's two hour ahead validation to that SC via WEnet.

- (ii) specified Inter-Scheduling Coordinator Ancillary Service Trades, or submitted schedules to self-provide Ancillary Services and which schedules have been validated by the ISO; and
- (f) each SC will provide the ISO, via a form and by means of communication specified by the ISO, resource specific information for all Generating Units and Curtailable Demands constituting its System Unit, if any, scheduled or bid into the ISO's Day-Ahead Market and/or Hour-Ahead Market for Ancillary Services.
- (g) the ISO will coordinate with adjacent Control Areas on the net schedules between the ISO Control Area and such other Control Areas. If the ISO and the operator of an adjacent Control Area have different records with respect to the net schedules, individual SC intertie schedules will be examined. If the other Control Area operator's records were in error, no changes will be required by the ISO or SCs. If the other Control Area operator's records are determined to be correct, the ISO will notify the affected SC. The ISO will manually adjust the affected SC's schedule to conform with the other Control Area operator's net schedule, in real time, and the affected SC will be responsible for managing any resulting Energy imbalance.

**SP 4 TRANSMISSION SYSTEM LOSS MANAGEMENT**

**SP 4.1 Overview**

- (a) A SC must ensure that each Schedule it submits to the ISO is a Balanced Schedule in which aggregate Generation and external imports (adjusted for Transmission Losses) and Inter-Scheduling Coordinator Energy Trades equals the aggregate Forecast Demand and external exports. The ISO will, for this purpose, specify GMMs for each Energy supply source (Generating Units and external imports at Scheduling Points) to account for the Energy lost in transmitting power from Generating Units and/or Scheduling Points to Load. Inter-Scheduling Coordinator Energy Trades will not be subject to such adjustments, beyond the impact of GMMs on the respective SC's Generation and external imports. The ISO will, in accordance with this SP 4, derive a location specific GMM for each Generating Unit and external import on the ISO Controlled Grid.



- (b) At all times, the ISO will make available GMMs for the seven Trading Days starting with the Trading Day after the

with Section 2.4.4.5.1.4 of the ISO Tariff, the four categories are as follows:

- (a) transmission capacity that must be reserved for firm Existing Rights and firm Non-Converted Rights;
- (b) transmission capacity that may be allocated for use as ISO transmission service (i.e., "new firm uses");
- (c) transmission capacity that may be allocated by the ISO for conditional firm Existing Rights and conditional firm Non-Converted Rights; and
- (d) transmission capacity that may remain for any other uses, such as non-firm Existing Rights and non-firm Non-Converted Rights for which the Responsible PTO has no discretion over whether or not to provide such non-firm service.

**SP 7.2.2      Prioritization of Transmission Uses**

The following rules are designed to enable the ISO to honor Existing Contracts in accordance with Sections 2.4.3 and 2.4.4 of the ISO Tariff, except as may be limited by the operation of SP 7.4. Regardless of the success of the application of such rules, it is intended that the rights under Existing Contracts will be honored as contemplated by the ISO Tariff except as may be limited by the operation of SP 7.4. In each of the categories described in SP 7.2.1, the terms and conditions of service may differ among transmission contracts. These differences will be described by each Responsible PTO in the instructions submitted to the ISO in advance of the scheduling process in accordance with the SBP. In addition, Generation, Inter-Scheduling Coordinator Energy Trade imports or external imports in one Zone must be matched by an equal magnitude of Demand, Inter-Scheduling Coordinator Energy Trade exports or external exports in an adjacent Zone (see SP 7.2.3 for a summary of allowable linkages). Scheduling and curtailment priorities associated with each category will be defined by SCs through the use of Adjustment Bids submitted as part of their Schedules as described in the following (see the SBP for a more general description of the use of Adjustment Bids to establish priorities within Existing Contracts and to establish priorities for Reliability Must-Run Generation):

- (a) Transmission capacity for Schedules will be made available to holders of firm Existing Rights and firm Non-Converted Rights in accordance with this SP and the terms and conditions of their Existing Contracts. In the event that the firm uses of these rights must be curtailed, they will be

Schedules submitted by SCs as \$0.00/MWh Adjustment Bids.

**SP 7.2.3 Allowable Existing Contract Linkages**

As indicated in SP 7.2.2, Generation, Inter-Scheduling Coordinator Energy Trade imports or external imports in one Zone must be matched by an equal magnitude of Demand, Inter-Scheduling Coordinator Energy Trade exports or external exports in the same Zone or in an adjacent Zone. The table below summarizes the allowable linkages.

Generation	Demand
Generation	External Export
Generation	Inter-SC Energy Trade Export
External Import	Demand
External Import	External Export
External Import	Inter-SC Energy Trade Export
Inter-SC Energy Trade Export	Demand
Inter-SC Energy Trade Export	External Export
Inter-SC Energy Trade Export	Inter-SC Energy Trade Export
Inter-SC Ancillary Service Trade	Inter-SC Ancillary Service Trade

**SP 7.3 The Day-Ahead Process**

**SP 7.3.1 Validation**

The ISO will coordinate the scheduling of the use of Existing Rights and Non-Converted Rights with new firm uses in the Day-Ahead process. The ISO will validate the Schedules submitted by SCs on behalf of the rights holders for conformity with the instructions previously provided by the Responsible PTO in accordance with the SBP. Invalid Schedules will be rejected and the ISO will immediately communicate the results of each SC's validation to that SC via WEnet.

**SP 7.3.2      Scheduling Deadlines**

Those Existing Contract rights holders who must schedule the use of their rights by the deadline for the submission of Schedules in the Day-Ahead Market must do so. After this time, the ISO will

**SP 8 OVERGENERATION MANAGEMENT**

**SP 8.1 Real Time Overgeneration Management**

Overgeneration management in real time will be conducted in accordance with the DP.

**SP 9 DAY/HOUR-AHEAD ANCILLARY SERVICES MANAGEMENT**

**SP 9.1 Bid Evaluation and Scheduling Principles**

The ISO will evaluate Ancillary Services bids based on the following principles:

- (a) the ISO will not differentiate between bidders other than through reserve (Regulation and Operating Reserves) price and capability to provide the reserve service, and the required locational mix of services;
- (b) to minimize the costs to users of the ISO Controlled Grid, the ISO will select the bidders with lowest bids for reserve which meet its technical requirements, including location and operating capability;
- (c) the ISO will (to the extent available) procure sufficient Ancillary Services to meet its technical requirements as defined in the ASRP;
- (d) the ISO will evaluate and price only those Ancillary Services bids received in accordance with the SBP;
- (e) the ISO will require SCs to honor their Day-Ahead Ancillary Services schedules and/or bids when submitting their Hour-Ahead Ancillary Services schedules and/or bids. A Scheduling Coordinator who has sold or self-provided Regulation, Spinning Reserve, Non-Spinning Reserve or Replacement Reserve capacity to the ISO in the Day-Ahead Market shall be required to replace such capacity to the extent scheduled self-provision is decreased between the Day-Ahead and Hour-Ahead Markets, or to the extent the Ancillary Service associated with a Generating Unit, Curtailable Demand, or System Resource successfully bid in a Day-Ahead Ancillary Service Market is reduced in the Hour-Ahead Market, for any reason (other than the negligence or willful misconduct of the ISO). The price for such replaced Ancillary Service shall be at

the Market Clearing Price in the Hour-Ahead Market for the same Settlement Period for the Ancillary Service capacity concerned. Increases in each Scheduling Coordinator's self-provided Ancillary Services between the Day-Ahead and Hour-Ahead Markets shall be limited to the estimated incremental Ancillary Service requirement associated with the increase between the Day-Ahead and Hour-Ahead Markets in that Scheduling Coordinator's scheduled Zonal Load. Notwithstanding this limit on increases in Hour-Ahead self-provision, a Scheduling Coordinator may buy or sell Ancillary Services through Inter-Scheduling Coordinator Ancillary Service Trades in the Hour-Ahead Market;

- (f) due to the design of the ISO's scheduling software, the ISO will not take into account Usage Charges in the evaluation of Ancillary Services bids or in price determination and, in the event of Congestion in the Day-Ahead Market or Hour-Ahead Market, Ancillary Services will be procured and priced on a Zonal basis; and
- (g) due to the design of the ISO's scheduling system, any specific resource can bid to supply a specific Ancillary Service or can self-provide such Ancillary Service but cannot do both in the same Settlement Period.

**SP 9.2 Sequential Evaluation of Bids**

- (a) When SCs bid into the Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve markets, the same resource capacity may be offered into more than one of these Ancillary Services markets at the same time. The ISO will evaluate bids in the reserve markets for Regulation, Spinning Reserve, Non-Spinning Reserve and Replacement Reserve sequentially and separately in the following order:
  - (i) Regulation
  - (ii) Spinning Reserve
  - (iii) Non-Spinning Reserve; and
  - (iv) Replacement Reserve.
- (b) SCs are allowed to specify different reserve prices and different Energy prices for each Ancillary Service they bid. SCs can bid the same resource capacity into any one or all of the Ancillary Service markets they desire. Any resource capacity accepted by the ISO in one of these reserve markets will be deducted from the resource capacity bid into the other reserve markets, except that resource

capacity accepted in the Regulation market that represents the downward range of movement accepted by the ISO will not be deducted from the resource capacity bid into other reserve markets.

**SP 9.3**

**Scheduling Ancillary Services Resources**

- (a) SCs are allowed to self-provide all or a portion of the following Ancillary Services to satisfy their obligations to the ISO:
  - (i) Regulation;

- (ii) Spinning Reserve;
  - (iii) Non-Spinning Reserve; and
  - (iv) Replacement Reserve.
- (b) The ISO will reduce the quantity of Ancillary Services it competitively procures by the corresponding amount of the Ancillary Services that SCs self-provide.
- (c) The ISO shall prepare supplier schedules for Ancillary Services (both self-provided and purchased by the ISO) for the Day-Ahead Market and the Hour-Ahead Market.
- (d) The Ancillary Services schedules shall contain the information set out in the SBP for each Settlement Period of the following Trading Day in the case of the Day-Ahead schedules or for a specific Settlement Period in the case of Hour-Ahead schedules.
- (e) Once the ISO has given SCs notice of the Day-Ahead and Hour-Ahead schedules, these schedules represent binding commitments made in the reserve markets between the ISO and the SCs concerned. A Scheduling Coordinator who has sold or self-provided Regulation, Spinning Reserve, Non-Spinning Reserve or Replacement Reserve capacity to the ISO in the Day-Ahead Market shall be required to replace such capacity to the extent scheduled self-provision is decreased between the Day-Ahead and Hour-Ahead Markets, or to the extent the Ancillary Service associated with a Generating Unit, Curtailable Demand, or System Resource successfully bid in a Day-Ahead Ancillary Service Market is reduced in the Hour-Ahead Market, for any reason (other than the negligence or willful misconduct of the ISO). The price for such replacement shall be at the Market Clearing Price in the Hour-Ahead Market for the Ancillary Service for the Settlement Period concerned for the Zone in which the Generating Unit or other resources on behalf of which the Scheduling Coordinator buys back the capacity, are located. The ISO will purchase the Ancillary Service concerned from another Scheduling Coordinator in the Hour-Ahead Market in accordance with the provisions of the ISO Tariff.



- (a) transmission capacity reserved under Existing Contracts will not be subject to the ISO's Congestion Management procedures.

**SP 10.2 Congestion Management Process**

- (a) Inter-Zonal Congestion Management will involve adjusting Schedules to remove potential violations of Inter-Zonal Interface constraints, minimizing the redispatch cost, as determined by the submitted Adjustment Bids that accompany the submitted Schedules. See the SBP for a general description of the use of Adjustment Bids to establish priorities.
- (b) Inter-Zonal Congestion Management will not involve arranging or modifying trades between SCs. Each SC's portfolio will be kept in balance (i.e., its Generation plus external imports, as adjusted for Transmission Losses, and Inter-Scheduling Coordinator Energy Trades (whether purchases or sales) will still match its Demand plus external exports) after the adjustments. Market Participants will have the opportunity to trade with one another and to revise their Schedules during the first Congestion Management iteration in the Day-Ahead Market, and between the Day-Ahead Market and Hour-Ahead Market.
- (c) Inter-Zonal Congestion Management will also not involve the optimization of SC portfolios within Zones (where such apparently non-optimal Schedules are submitted by SCs). Adjustments to individual SC portfolios within a Zone will be either incremental (i.e., an increase in Generation and external imports and a decrease in Demand and external exports) or decremental (i.e., a decrease in Generation and external imports and an increase in Demand and external exports), but not both.
- (d) If Adjustment Bids are exhausted before Congestion is eliminated, the remaining Schedules will be adjusted *pro rata* except for those uses of transmission service under Existing Contracts, which are curtailed in accordance with SP 7.3 and SP 7.4.

**SP 10.3 Congestion Management Pricing**

- (a) The Adjustment Bids that the SCs submit constitute implicit bids for transmission between Zones on either side of a Congested Inter-Zonal Interface. The ISO's Inter-Zonal

