percent (10%) to the sum, ~~and~~ adding a Bid Adder if applicable, and adding Variable Energy Opportunity Costs, if any ~~anny~~. For non-natural gas-fueled units, the Variable Cost Option will calculate the Default Energy Bid by summing incremental fuel cost plus ten percent (10%) of fuel cost, plus a Bid Adder if applicable, plus Variable Energy Opportunity Costs.

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39.7.1.1.4 Variable Energy Opportunity Costs Under the Variable Cost Option

The CAISO will determine Variable Energy Opportunity Costs for Use-Limited Resources pursuant to Section 30.4.1.1.6.

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39.7.1.3 Negotiated Rate Option

39.7.1.3.1 Submission Process

Scheduling Coordinators that elect the Negotiated Rate Option for the Default Energy Bid shall submit a proposed Default Energy Bid along with supporting information and documentation as described in a BPM. Within ten (10) Business Days of receipt, the CAISO or an Independent Entity selected by the CAISO will provide a written response. If the CAISO or Independent Entity accepts the proposed Default Energy Bid, it will generally become effective within eleven (11) Business Days from the date of acceptance by the CAISO and remain in effect until: (1) the Default Energy Bid is modified by FERC; (2) the Default Energy Bid is modified by mutual agreement of the CAISO and the Scheduling Coordinator; or (3) the Default Energy Bid expires, is terminated or is modified pursuant to any agreed upon term or condition or pertinent FERC order.

If the CAISO or Independent Entity selected by the CAISO does not accept the proposed Default Energy Bid, the CAISO or Independent Entity selected by the CAISO and the Scheduling Coordinator shall enter a period of good faith negotiations that terminates sixty (60) days following the date of submission of a

(3) Can be reflected in a monthly, annual, and/or rolling twelve (12) month period.

The CAISO will review the documentation provided by the Scheduling Coordinator and determine whether the CAISO can ~~model the limitation in order to~~ calculate an Opportunity Cost pursuant to the methodology set forth in Section 30.4.1.1.6.2 using the Opportunity Cost calculator-, or whether the Opportunity Cost for the limitation must instead be established pursuant to the negotiation process set forth in Section 30.4.1.1.6.3. Whenever possible, the CAISO will calculate the Opportunity Cost using the Opportunity Cost Calculator rather than negotiate it. The CAISO's determination of whether an Opportunity Cost will be calculated or negotiated, and the resulting methodology ~~mythology~~ that is negotiated, if the Opportunity Cost must be negotiated, will remain in place unless and until: (1) the Scheduling Coordinator submits ~~updated~~ documentation, either to establish a new limitation or to modify an existing limitation, ~~contained in a new request to recover an Opportunity Cost~~, in which case the Scheduling Coordinator can request reconsideration; ~~that requires the CAISO to revisit and possibly to change thatits existing determination;~~ or (2) the Scheduling Coordinator demonstrates that negotiation of an Opportunity Cost is required because the results of calculating an Opportunity Cost are inadequate as set forth in the Business Practice Manual.

The following types of Use-Limited Resource ~~s~~ capacity ~~is~~are -not eligible for an Opportunity Cost adder: the capacity of a Condition 2 RMR Unit, a Reliability Demand Response Resource, Regulatory Must-Take Capacity, and any other type of Use-Limited Resource to the extent it has a limitation that satisfies the requirements of Section 30.4.1.1.6.1 but applies for a period less than or equal to the time horizon considered in the Day-Ahead Market.

30.4.1.1.6.2 Calculation of Opportunity Cost Adders

30.4.1.1.6.2.1 Calculation Schedule

~~No more frequently than each month, t~~The CAISO will -calculate, and will update the most recent calculations of, Start-Up Opportunity Costs for each validated limitation on a Use-Limited Resource's