

Technical Bulletin 2011-08-01: Addendum No. 1

The CAISO issued [Technical Bulletin 2011-08-01](#) to address the use of existing transmission contract or transmission ownership right import capacity held by an out of balancing authority area load serving entity to provide resource adequacy capacity to a CAISO load serving entity (“Technical Bulletin”). The First Amended Operating Agreement between the CAISO and PacifiCorp, designated as CAISO rate schedule number 65 (“PacifiCorp Operating Agreement”), provides for the treatment of the PacifiCorp import capacity as a transmission ownership right or as import capacity available to CAISO market participants if the rights holder elects to exchange the perfect hedge afforded the transmission ownership right for a congestion revenue right. The PacifiCorp Operating Agreement does not consider the PacifiCorp import capacity in the context of resource adequacy. This Addendum explains how the Technical Bulletin applies to PacifiCorp import capacity under the PacifiCorp Operating Agreement for resource adequacy counting purposes.

The PacifiCorp import capacity will be treated as transmission ownership right capacity for resource adequacy counting purposes precisely as explained in the Technical Bulletin, unless the PacifiCorp import capacity is exchanged for congestion revenue rights as provided under the PacifiCorp Operating Agreement. If the rights holder elects such an exchange, the PacifiCorp import capacity will be treated as existing transmission contract capacity as explained in the Technical Bulletin.

The Technical Bulletin explains how an external resource owner that enters into an arrangement with an out of balancing authority area load serving entity for existing transmission contract capacity would not obtain a contract reference number for scheduling purposes. Rather, the transmission rights and transmission curtailment instructions would specify in the “Operating Instructions” field a reduced maximum import scheduling quantity to account for the import capacity that otherwise would be available to the rights holder. This quantity would then become available transmission capacity in the CAISO markets to be utilized for open access scheduling in the same manner as other import capacity, in exchange for the opportunity to qualify for resource adequacy accounting purposes.

The process described in the Technical Bulletin for existing transmission contract capacity is the same as for a rights holder that exchanges PacifiCorp import capacity for congestion revenue rights. In effect, the PacifiCorp import capacity scheduling priority is exchanged for congestion revenue rights without further consideration of what happens to the import capacity for purposes of resource adequacy accounting. This Addendum confirms that the CAISO will recognize PacifiCorp import capacity exchanged for congestion revenue rights pursuant to the PacifiCorp Operating Agreement in support of an arrangement between a scheduling coordinator for an

external resource owner and a CAISO load serving entity under the approach described in the Technical Bulletin for existing transmission contract capacity for resource adequacy counting purposes.¹

The Technical Bulletin also does not further consider whether the import capacity would be eligible for bilateral import transfers consistent with CAISO tariff section 40.4.6.2.2.1 following the procedures outlined in the Technical Bulletin. This Addendum confirms that all import capacity that may be transferred to a CAISO load serving entity or made available for scheduling by CAISO market participants in accordance with the Technical Bulletin, including PacifiCorp import capacity exchanged for congestion revenue rights, may be transferred to a California load serving entity or other market participant through the same registration and posting process set out in CAISO tariff section 40.4.6.2.2.1.

¹ The Technical Bulletin discussion concerning the impact of the existing transmission contract arrangement on the availability of congestion revenue rights is not applicable as those considerations have already been addressed through the congestion revenue rights exchange process permitted under the PacifiCorp Operating Agreement.