## 4.5 Responsibilities of a Scheduling Coordinator

### 4.5.1 Scheduling Coordinator Certification

Only Scheduling Coordinators that the CAISO has certified as having met the requirements of this Section 4.5.1 may participate in the CAISO’s Energy and Ancillary Services markets and submit Supply Plans or RA Plans. Scheduling Coordinators offering Ancillary Services shall additionally meet the requirements of Section 8.

Each Scheduling Coordinator shall:

(a) demonstrate to the CAISO's reasonable satisfaction that it is capable of performing the functions of a Scheduling Coordinator under this CAISO Tariff including (without limitation) the functions specified in Sections 4.5.3 and 4.5.4 as applicable;

(b) identify each of the Eligible Customers (including itself if it trades for its own account) which it is authorized to represent as Scheduling Coordinator and confirm that the metering requirements under Section 10 are met in relation to each Eligible Customer that it represents under this CAISO Tariff;

(c) identify each of the Convergence Bidding Entities that it is authorized to represent as Scheduling Coordinator;

(d) confirm that each of the End-Use Customers it represents is eligible for service as a Direct Access End User;

(e) confirm that none of the Wholesale Customers it represents is ineligible for wholesale transmission service pursuant to the provisions of FPA Section 212(h);

(f) demonstrate to the CAISO’s reasonable satisfaction that it meets the financial criteria set out in Section 12;

(g) enter into a Scheduling Coordinator Agreement with the CAISO; and

(h) provide NERC tagging data, as applicable.**\* \* \***

### 4.5.2 Eligible Customers, Convergence Bidding Entities, and CPEs

**4.5.2.1 SCs Representing Eligible Customers**

Each Scheduling Coordinator shall within ten (10) days of a request by the CAISO provide the CAISO with a list of the Eligible Customers that it represents at the date of the request.

**4.5.2.2 SCs Representing Convergence Bidding Entities**

Each Scheduling Coordinator that is or represents one or more Convergence Bidding Entities will provide the CAISO with a list of the Convergence Bidding Entities that it represents and the SCIDs that the Scheduling Coordinator will use to submit Virtual Bids for each Convergence Bidding Entity, at least eleven (11) Business Days prior to the Scheduling Coordinator’s initial submission of a Virtual Bid on behalf of any of those Convergence Bidding Entities. This list must satisfy the requirements of Section 4.14.2.3. In the event that the Scheduling Coordinator will represent additional Convergence Bidding Entities or modifies any of the SCIDs that the Scheduling Coordinator will use to submit Virtual Bids on behalf of any Convergence Bidding Entity, the Scheduling Coordinator will provide the CAISO with an updated list of Convergence Bidding Entities and/or SCIDs at least eleven (11) Business Days prior to submitting a Virtual Bid involving a Convergence Bidding Entity and/or SCID not already included in the most recent list provided to the CAISO. The CAISO will incorporate the information provided pursuant to this Section 4.5.2.2 into the CAISO’s official list of the Convergence Bidding Entities that Scheduling Coordinators represent and will incorporate the SCIDs that Scheduling Coordinators use to submit Virtual Bids on behalf of Convergence Bidding Entities into the Master File within eleven (11) Business Days after the CAISO determines that the information in each list or updated list provided by a Scheduling Coordinator or Convergence Bidding Entity is accurate and complete.

**4.5.2.3 SCs Representing CPEs**

Each Scheduling Coordinator representing a CPE shall within ten (10) days of a request by the CAISO provide the CAISO with a list of the Load Serving Entities whose RA Capacity procurement obligations have been allocated by a Local Regulatory Authority to the CPE.

### 4.5.3 Responsibilities of a Scheduling Coordinator

Each Scheduling Coordinator shall be responsible for:

**4.5.3.1 Obligation to Pay**

Paying the CAISO’s charges in accordance with this CAISO Tariff;

**4.5.3.2 Submit Bids and Interchange Schedules**

**4.5.3.2.1** Submitting Bids, including Self-Schedules, for Energy in CAISO Markets that relate to the Market Participants for which it serves as Scheduling Coordinator;

**4.5.3.2.2** Submitting Interchange Schedules prepared in accordance with all NERC, WECC and CAISO requirements, including providing E-Tags for all applicable transactions pursuant to WECC practices. The CAISO shall not accept E-Tags for ten-minute recallable reserve transactions (i.e., transactions with a WECC energy product code of “C-RE”). The CAISO is not, and shall not be listed as, the “Purchasing Selling Entity” for purposes of E-Tags. Title to Energy shall pass directly from the entity that holds title when the Energy enters the CAISO Controlled Grid to the entity that removes the Energy from the CAISO Controlled Grid, in each case in accordance with the terms of this CAISO Tariff.

**4.5.3.3 Modifications in Demand Supply**

Coordinating and allocating modifications in Demand and exports and Generation and imports at the direction of the CAISO in accordance with this CAISO Tariff;

**4.5.3.4 Inter-SC Trades**

Submitting any applicable Inter-SC Trades that the Market Participants intend to have settled through the CAISO Markets, pursuant to this CAISO Tariff;

**4.5.3.5 Tracking and Settling Trades**

Tracking and settling all intermediate trades, including bilateral transactions and Inter-SC Trades, among the entities for which it serves as Scheduling Coordinator;

**4.5.3.6 Ancillary Services**

Providing Ancillary Services in accordance with Section 8;

**4.5.3.7 [Not Used]**

**4.5.3.8 Business Practice Manuals**

Complying with all CAISO Business Practice Manuals and ensuring compliance by each of the Market Participants which it represents with all applicable provisions of the Business Practice Manuals;

**4.5.3.9 Interruptible Imports**

Identifying any Interruptible Imports included in its Bids or Inter-SC Trades;

**4.5.3.10 Participating Intermittent Resources**

Submitting Bids, including Self-Schedules, for Participating Intermittent Resources consistent with the CAISO Tariff;

**4.5.3.11 Day-Ahead Market Published Schedules and Awards**

Starting-up units and timely achieving specified operating levels in response to Dispatch Instructions, in accordance with CAISO published Schedules and awards;

**4.5.3.12 Financial Responsibility**

Assuming financial responsibility for all Schedules, AS Awards and Dispatch Instructions issued in the CAISO Markets, and all Virtual Awards in accordance with the provisions of this CAISO Tariff;

**4.5.3.13 Compliance with Environmental Constraints, Operating Permits and Applicable Law**

Submitting Bids so that any service provided in accordance with such Bids does not violate environmental constraints, operating permits or applicable law. All submitted Bids must reflect resource limitations and other constraints as such are required to be reported to the CAISO Control Center;

**4.5.3.14 Tax Compliance**

Providing, as described in the Business Practice Manuals, resale certificates or other proof acceptable to CAISO that its purchases of energy are exempt from any sales and use taxes that otherwise might apply; and

**4.5.3.15 SQMD Plan**

Complying with the SQMD Pan for eligible entities it serves pursuant to Section 10.3.7.

**4.5.3.16 RA Plans and Supply Plans**

Providing RA Plans for LSEs or CPEs for which it serves as Scheduling Coordinator and providing Supply Plans for Resource Adequacy Resources for which it serves as Scheduling Coordinator.

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# \* \* \*

# 4.18 Relationship between CAISO and Central Procurement Entities

# 4.18.1 Nature of the Relationship

# The CAISO shall not accept RA Plans for a CPE otherwise than through a Scheduling Coordinator. The CAISO further shall not be obligated to accept RA Plans from Scheduling Coordinators relating to a CPE unless the relevant CPE enters into a CPE Agreement with the CAISO and otherwise satisfies the criteria of this Section 4.18. The Scheduling Coordinator for a CPE, in its role as such Scheduling Coordinator, is entitled only to submit Resource Adequacy Plans on behalf of a CPE and is not entitled to submit Bids to the CAISO Markets, submit Virtual Bids, nominate CRRs in a CRR Allocation, or bid to purchase CRRs in a CRR Auction. If a CPE is also a Load Serving Entity and the CPE and Load Serving Entity are represented by the same Scheduling Coordinator, that Scheduling Coordinator must use distinct Scheduling Coordinator ID Codes for its activities related to the CPE and Load Serving Entity functions.

# 4.18.2 Procedure to Become a CPE

# 4.18.2.1 Central Procurement Entity Application

# To become a CPE, a CPE applicant must submit an application that includes, at a minimum:

# The proposed date on or after which the CPE’s Scheduling Coordinator would first submit a Resource Adequacy Plan, which may not be less than sixty (60) Business Days after the date the application was filed, unless waived by the CAISO;

# The LSEs whose RA Capacity procurement obligations have been, or are expected to be, allocated to the CPE;

# A copy of Local Regulatory Authority decisions authorizing the CPE to procure RA Capacity on behalf of LSE(s) under the Local Regulatory Authority’s jurisdiction.

# The identity of any Affiliate that is a Market Participant, any Affiliate that participates in an organized electricity market in North America, and any guarantor of any such Affiliate.

# Additional instructions for completing the foregoing requirements will be set forth in the applicable Business Practice Manual(s) posted on the CAISO Website.

# 4.18.2.2 Application Submission Timeline

# 4.18.2.2.1 CAISO Review of Application

# The CAISO will use its best efforts to notify the CPE applicant within ten (10) Business Days after receiving an application whether the CPE applicant has submitted all necessary information as set forth in Section 4.18.2.1.

# 4.18.2.2.2 Deficient Application

# If the CAISO determines that the application is deficient, the CAISO’s notification under section 4.18.2.2.1 will explain the deficiency and may request additional information to cure the deficiency. If the CAISO requests additional information, the CPE applicant has five (5) Business Days, or such longer period as the CAISO may agree not to exceed five (5) additional Business Days, to provide the additional material requested by the CAISO. If the CPE applicant does not submit additional information within the allowed timeframe, the CAISO will reject the application.

# 4.18.2.2.3 CAISO Approval or Rejection of an Application

# The CAISO will make a decision whether to accept or reject the application within ten (10) Business Days of receipt of the application or receipt of additional information (if the CAISO requested additional information).

# If the CAISO approves the application, it will send a written notification of approval. In addition, the CAISO will provide an executable CPE Agreement. If the CAISO rejects the application, the CAISO will send an electronic notification of rejection stating the grounds for rejection. If the CAISO rejects the application, the CPE applicant may resubmit its application at any time. Upon request, the CAISO will provide guidance as to how the CPE applicant can cure the grounds for the rejection.

# 4.18.2.2.4 Appeal of Rejection

# The CPE applicant may also appeal the rejection of an application by the CAISO. An appeal must be submitted within twenty (20) Business Days following the CAISO’s issuance of a notification of rejection.

# 4.18.2.3 Final Certification of CPE

# The CPE applicant will become a CPE when the CPE applicant has completed the following requirements to the CAISO’s satisfaction:

# its application has been accepted;

# it has entered into a CPE Agreement and any other applicable agreements with the CAISO; and

# it has fulfilled all requirements of Section 4.18.2.1.

# The CAISO may notify Market Participants when it has certified a new CPE.

# 4.18.3 Ongoing Obligations for CPEs

# Each CPE has an ongoing obligation to inform the CAISO, within five (5) Business Days of when each such change occurs, of any changes to any of the information submitted by it to the CAISO as part of the application process.

# The applicable Business Practice Manual sets forth the procedures for changing the CPE’s information. If a CPE fails to inform the CAISO of a material change in its information provided to the CAISO, the CAISO may limit, suspend, or terminate the CPE’s rights under the CAISO Tariff and terminate the CPE Agreement in accordance with the terms of Section 4.18.4.1

# 4.18.4 Terminating a CPE

# 4.18.4.1 CAISO Termination of CPE Agreement

# The CAISO may terminate a CPE Agreement on written notice to the CPE in accordance with the terms of the CPE Agreement:

# if the CPE no longer meets the requirements for eligibility set out in Section 4.18 and fails to remedy the default within a period of seven (7) Business Days after the CAISO has given written notice of the default;

# if the Scheduling Coordinator that represents the CPE fails to pay any sum under this CAISO Tariff and fails to remedy the default within a period of five (5) Business Days after the CAISO has given written notice of the default; or

# if the CPE commits any other default under this CAISO Tariff or any of the Business Practice Manuals which, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given it written notice of the default.

# 4.18.4.2 CPE Termination of CPE Agreement

# The CPE may terminate the CPE Agreement in accordance with the provisions of that agreement.

# 4.18.4.3 Consequences of CPE Agreement Termination

# Upon termination of the CPE Agreement, the Scheduling Coordinator that represents the CPE will continue to be liable for any outstanding financial or other obligations incurred under the CAISO Tariff as a result of the CPE’s status as a CPE. The CAISO will, following termination of a CPE Agreement and within thirty (30) days of being satisfied that no sums remain owing by the Scheduling Coordinator that represents the CPE under the CAISO Tariff, return or release to the Scheduling Coordinator, as appropriate, any Financial Security support provided by such Scheduling Coordinator to the CAISO under Section 12.

# \* \* \*

# 40. Resource Adequacy Demonstration for all SCs in the CAISO BAA

## 40.1 Applicability

A Load Serving Entity, and its Scheduling Coordinator, shall be exempt from this Section 40 during the next Resource Adequacy Compliance Year, if the metered peak Demand of the Load Serving Entity did not exceed one (1) MW during the twelve months preceding October 1 of the year preceding the Resource Adequacy Compliance Year in question. This Section 40 shall apply to all other Load Serving Entities, CPEs, and their respective Scheduling Coordinators. For purposes of Section 40, a Load Serving Entity shall not include any entity satisfying the terms of California Public Utilities Code Section 380(k)(3).

### 40.1.1 [Not Used]

## 40.2 Information Requirements for Resource Adequacy Programs

### 40.2.1 Requirements for CPUC Load Serving Entities and CPEs

(a) The Scheduling Coordinator for a CPUC Load Serving Entity or CPE must provide the CAISO with all information or data to be provided to the CAISO as required by the CPUC and pursuant to the schedule adopted by the CPUC, except that the monthly Resource Adequacy Plans or the same information as required to be included in the monthly Resource Adequacy Plans, plus any other information the CAISO requires as identified in the Business Practice Manual, shall be submitted to the CAISO no less than 45 days in advance of the first day of the month covered by the plan, as provided in Section 40.2.1(e).

(b) Where the information or data provided to the CAISO under Section 40.2.1(a) does not include Reserve Margin(s), then the provisions of Section 40.2.2.1(c) shall apply.

(c) Where the information or data provided to the CAISO under Section 40.2.1(a) does not include criteria for determining qualifying resource types and their Qualifying Capacity, then the provisions of Section 40.8 shall apply.

(d) Where the information or data provided to the CAISO under Section 40.2.1(a) does not include annual and monthly Demand Forecast requirements, then the provisions of Section 40.2.2.3 shall apply.

(e) Where the information or data provided to the CAISO under Section 40.2.1(a) does not include annual and monthly Resource Adequacy Plan requirements that include, at a minimum, identifying Local Capacity Area Resources and Listed Local RA Capacity, or where there is a requirement to submit monthly Resource Adequacy Plans but the submission date is less than 45 days in advance of the first day of the month covered by the plan, then Section 40.2.2.4 shall apply.

### 40.2.2 Non-CPUC Load Serving Entities and CPEs

**40.2.2.1 Reserve Margin**

(a) The Scheduling Coordinator for a Non-CPUC Load Serving Entity must provide the CAISO with the Reserve Margin(s) adopted by the appropriate Local Regulatory Authority or federal agency for use in the annual Resource Adequacy Plan and monthly Resource Adequacy Plans listed as a percentage of the Demand Forecasts developed in accordance with Section 40.2.2.3.

(b) For the Scheduling Coordinator for a Non-CPUC Load Serving Entity for which the appropriate Local Regulatory Authority or federal agency has not established a Reserve Margin(s) or a CPUC Load Serving Entity subject to Section 40.2.1.1(b), the Reserve Margin for each month shall be no less than fifteen percent (15%) of the LSE’s peak hourly Demand for the applicable month, as determined by the Demand Forecasts developed in accordance with Section 40.2.2.3.

**40.2.2.2 Qualifying Capacity Criteria**

The Scheduling Coordinator for a Non-CPUC Load Serving Entity must provide the CAISO with a description of the criteria adopted by the Local Regulatory Authority or federal agency for determining qualifying resource types and the Qualifying Capacity from such resources and any modifications thereto as they are implemented from time to time. The LSE may elect to utilize the criteria set forth in Section 40.8.

**40.2.2.3 Demand Forecasts**

If the California Energy Commission does not produce a coincident peak Demand Forecast for a Load Serving Entity, the Scheduling Coordinator for that Load Serving Entity must provide the information requested by the CAISO on the schedule and in the reporting format(s) set forth in the Business Practice Manual.

**40.2.2.4 Annual and Monthly Resource Adequacy Plans**

The Scheduling Coordinator for a Non-CPUC Load Serving Entity or CPE or a CPUC Load Serving Entity or CPE subject to Section 40.2.1(b) must provide annual and monthly Resource Adequacy Plans for such Load Serving Entity or CPE, as follows:

(a) Each annual Resource Adequacy Plan must be submitted to the CAISO on a schedule and in the reporting format(s) set forth in the Business Practice Manual. The annual Resource Adequacy Plan must, at a minimum, set forth the Local Capacity Area Resources, if any, procured by the Load Serving Entity or CPE as described in Section 40.3, and may identify a Local Capacity Area Resource as Listed Local RA Capacity.

(b) Each monthly Resource Adequacy Plan or the same information as required to be included in the monthly Resource Adequacy Plan, plus any other information the CAISO requires as identified in the Business Practice Manual, must be submitted to the CAISO at least 45 days in advance of the first day of the month covered by the plan, and in accordance with the schedule and in the reporting format(s) set forth in the Business Practice Manual. For Load Serving Entities, the monthly Resource Adequacy Plan must identify all resources, including Local Capacity Area Resources, the Load Serving Entity will rely upon to satisfy the applicable month’s peak hour Demand of the Load Serving Entity as determined by the Demand Forecasts developed in accordance with Section 40.2.2.3 and applicable Reserve Margin. For CPEs, the monthly Resource Adequacy Plan must identify all Local Capacity Area Resources the CPE will rely upon to satisfy its Local Capacity Area Resource obligation. For each Local Capacity Area Resource identified on a monthly Resource Adequacy Plan, the Load Serving Entity or CPE also may identify RA Capacity from such resource as Listed Local RA Capacity. Resource Adequacy Plans must utilize the Net Qualifying Capacity requirements of Section 40.4. A Load Serving Entity is not obligated to commit a type of RA capacity on a monthly Resource Adequacy Plan if it holds a monthly obligation of less than 1 MW for that type of RA capacity but is not exempt from committing any other type of RA capacity for that month for which it holds a monthly obligation of 1 MW or greater and is not exempt for any relevant cost allocation from a CPM designation made pursuant to Section 43A associated with a monthly RA capacity obligation of less than 1 MW.

(c) The Scheduling Coordinator for a Load Serving Entity or CPE may submit at any time from 45 days through 30 days in advance of the relevant month, a revision to its monthly Resource Adequacy Plan to correct either: (i) a discrepancy between its monthly Resource Adequacy Plan and the monthly Supply Plan of a Resource Adequacy Resource providing that Load Serving Entity or CPE with Resource Adequacy Capacity, as provided in Section 40.7(b); or (ii) a deficiency in how much Resource Adequacy Capacity was provided on the monthly Resource Adequacy Plan. The CAISO will not accept any revisions to a monthly Resource Adequacy Plan from 30 days in advance of the relevant month through the end of the month, unless the Scheduling Coordinator for the Load Serving Entity or CPE demonstrates good cause for the change and explains why it was not possible to submit the change earlier.

(d) The Scheduling Coordinator for the Load Serving Entity or CPE that submits a revision to its monthly Resource Adequacy Plan to correct a deficiency or discrepancy must include in the revision a MW amount of Resource Adequacy Capacity for each day of the month that is no less than the MW amount of Resource Adequacy Capacity included in its original plan for each day of the month.

### 40.2.3 [Not Used]

### 40.2.4 Load-Following MSS

**(1) Applicability.** Unless otherwise provided in Section 40, Scheduling Coordinators for Load-following MSSs are subject solely to Sections 40.2.4, 40.3, and with respect to their Local Capacity Area Resources identified in accordance with Section 40.2.4, Section 40.9, and with respect to Flexible Resource Adequacy Capacity, Section 40.10.

**(2) Annual RA Plan.**  A Scheduling Coordinator for a Load-following MSS must provide an annual Resource Adequacy Plan that sets forth, at a minimum, the Local Capacity Area Resources, if any, procured by the Load-following MSS as described in Section 40.3. The annual Resource Adequacy Plan shall utilize the annual coincident peak Demand determination provided by the California Energy Commission for such Load-following MSS using Demand Forecast data submitted to the California Energy Commission by the Load-following MSS, or, if the California Energy Commission does not produce coincident peak Demand Forecasts for the Load-following MSS, the annual coincident peak Demand Forecast produced by the CAISO for such Load-following MSS in accordance with its Business Practice Manual using Demand Forecast data submitted to the CAISO by the Load-following MSS.

**(3) Monthly RA Plan and Supply Plan.** The Scheduling Coordinator for a Load-following MSS must submit a monthly Resource Adequacy Plan and Supply Plan on the schedule set forth in the Business Practice Manual.

## 40.3 Local Capacity Area Resource Requirements for SCs for LSEs

### 40.3.1 Local Capacity Technical Study

On an annual basis, pursuant to the schedule set forth in the Business Practice Manual, the CAISO will, perform, and publish on the CAISO Website the Local Capacity Technical Study. The Local Capacity Technical Study shall identify Local Capacity Areas, determine the minimum amount of Local Capacity Area Resources in MW that must be available to the CAISO within each identified Local Capacity Area, and identify the Generating Units within each identified Local Capacity Area. The CAISO shall collaborate with the CPUC, Local Regulatory Authorities within the CAISO Balancing Authority Area, federal agencies, and Market Participants to ensure that the Local Capacity Technical Study is performed in accordance with this Section 40.3 and to establish for inclusion in the Business Practice Manual other parameters and assumptions applicable to the Local Capacity Technical Study and a schedule that provides for: (i) reasonable time for review of a draft Local Capacity Technical Study, (ii) reasonable time for Participating TOs to propose operating solutions, and (iii) release of the final Local Capacity Technical Study no later than 120 days prior to the date annual Resource Adequacy Plans must be submitted under this Section 40.

**40.3.1.1 Local Capacity Technical Study Criteria**

The Local Capacity Technical Study will determine the minimum amount of Local Capacity Area Resources needed to address the Contingencies identified in Section 40.3.1.2. The Local Capacity Technical Study also will consider hourly load shapes and system limits under emergency conditions to quantify minimum amounts of hourly capacity and energy, that Local Capacity Area Resources must be able to provide within each identified Local Capacity Area in order to resolve Contingencies identified in Section 40.3.1.2. In performing the Local Capacity Technical Study, the CAISO will apply those methods for resolving Contingencies considered appropriate for the performance level that corresponds to a particular studied Contingency, as provided in NERC Reliability Standards regarding Transmission System Planning Performance Requirements (TPL-001-4 or its successor), as augmented by CAISO Reliability Criteria in accordance with the Transmission Control Agreement and Section 24.3.1. The CAISO Reliability Criteria shall include:

(1) Time Allowed for Manual Readjustment: This is the amount of time required for the Operator to take all actions necessary to prepare the system for the next Contingency. This time should not be more than thirty (30) minutes.

(2) No voltage collapse or dynamic instability shall be allowed for a Contingency in Category Extreme Events [any P1 system readjusted (Common Structure) P7], as listed in TPL-001-4 in areas with load of 250 MW or more. For areas with less than 250 MW of load, mitigation will only be proposed if there is a risk of cascading beyond the area directly affected by the outage.

**40.3.1.2 Local Capacity Technical Study Contingencies.**

The Local Capacity Technical Study shall assess all the Contingencies and appropriate performance levels required by mandatory standards including, but not limited to, NERC, WECC and CAISO Planning Standards.

### 40.3.2 Allocation of Local Capacity

The CAISO will allocate Local Capacity Area Resource requirements to Scheduling Coordinators for Load Serving Entities in the following sequential manner:

(a) The responsibility for the aggregate Local Capacity Area Resources required for all Local Capacity Areas within each TAC Area as determined by the Local Capacity Technical Study will be allocated to all Scheduling Coordinators for Load Serving Entities that serve Load in the TAC Area in accordance with the Load Serving Entity’s proportionate share of the LSE’s TAC Area Load at the time of the CAISO’s annual coincident peak Demand set forth in the annual peak Demand Forecast for the next Resource Adequacy Compliance Year as determined by the California Energy Commission. Expressed as a formula, the allocation of Local Area Capacity Resource obligations will be as follows: (∑ Local Capacity Area MW in TAC Area from the Local Capacity Technical Study) \* (LSE Demand in TAC Area at CAISO annual coincident peak Demand)/(Total TAC Area Demand at the time of CAISO annual coincident peak Demand). This will result in a MW responsibility for each Load Serving Entity for each TAC Area in which the LSE serves Load. In no instance, however, is a Load Serving Entity with a Demand and Reserve Margin requirement for a particular TAC Area or CPE with a Demand and Reserve Margin requirement for a particular TAC Area obligated to commit, on a monthly Resource Adequacy Plan, capacity from Local Capacity Area Resources in that particular TAC Area in excess of the quantity of capacity needed by that Load Serving Entity or CPE to meet its applicable Demand and Reserve Margin requirements arising from its obligations in that TAC Area for the applicable compliance month. If the CAISO determines that a Load Serving Entity would have an obligation to show Local Capacity Area Resources of less than 1 MW in a particular TAC Area, then the Load Serving Entity will have an obligation of zero (0) MWs for that TAC Area in that year. A LSE or CPE may meet its MW responsibility, as assigned under this Section, for each TAC Area in which the LSE serves Load by procurement of that MW quantity in any Local Capacity Area in the TAC Area.

(b) For Scheduling Coordinators for Non-CPUC Load Serving Entities, the Local Capacity Area Resource obligation will be allocated by default based on Section 40.3.2(a) above. The CAISO will re-allocate all or part of the Local Capacity Area Resource obligation for a Non-CPUC Load Serving Entity to a CPE if the Local Regulatory Authority notifies the CAISO of such allocation decision by the deadlines established in the Business Practice Manual. The same CPE may be re-allocated Local Capacity Area Resource obligations from multiple Local Regulatory Authorities.

(c) For Scheduling Coordinators for CPUC Load Serving Entities, the CAISO will calculate the individual and total Local Capacity Area Resource obligations attributable to the CPUC jurisdictional Load Serving Entities and will transmit them to the CPUC. The CPUC may then allocate the Local Capacity Area Resource obligation to its jurisdictional LSEs or CPEs based on a method adopted by the CPUC. However, if the allocation methodology adopted by the CPUC does not fully allocate the total sum of each CPUC Load Serving Entity’s proportionate share calculated under Section 40.3.2(a), the CAISO will allocate the difference to all Scheduling Coordinators for CPUC Load Serving Entities in accordance with their proportionate share calculated under 40.3.2(a). If the CPUC does not adopt an allocation methodology or does not notify the CAISO of its allocation decision by the deadlines established in the Business Practice Manual, the CAISO will allocate Local Capacity Area Resources to Scheduling Coordinators for CPUC Load Serving Entities based on Section 40.3.2(a).

(d) By the deadline established in the Business Practice Manual, a Local Regulatory Authority that has, per section 40.3.2(b) or 40.3.2(c), assigned a local obligation to a CPE must inform the CAISO how the Local Regulatory Authority wishes to assign the system and flexible attributes of the resources expected to be shown by the CPE to the LSEs represented by the CPE. The Local Regulatory Authority may decline to provide such assignment, in which case the system and flexible attributes of the resources will remain with the CPE. If the Local Regulatory Authority provides such LSE assignment by the deadline, the CAISO will provide provisional credits to those LSEs towards their RA requirements based on the assignments provided by the Local Regulatory Authority, provided that the Local Regulatory Authority assigns total system and total flex credits equal to the MWs of system and flex RA capacity shown by the CPE. The CAISO will reject any proposed assignment of credits that do not match the capacity expected to be shown by the CPE. If the CPE's annual or monthly RA plans include local resources that provide more MW or fewer MWs of system or flex capacity than were assumed in assigning the provisional LSE RA credits, then the CAISO will increase or reduce, respectively, the LSE credits based on each LSE's proportionate share of the provisional allocation. Any LSE deficiencies created by reducing such provisional RA credits may be addressed in the cure periods established in Sections 40.7 and 40.10.5.4.

Once the CAISO has allocated the total responsibility for Local Capacity Area Resources, the CAISO will inform the CPUC and the Scheduling Coordinators for each non-CPUC jurisdictional LSE of the LSE’s specific allocated responsibility for Local Capacity Area Resources in each TAC Area in which the LSE serves Load.

### 40.3.3 Procurement of Local Capacity Area Resources by LSEs and CPEs

Nothing in this Section 40 obligates any Scheduling Coordinator to demonstrate on behalf of a Load Serving Entity or CPE that the Load Serving Entity or CPE has procured Local Capacity Area Resources to satisfy capacity requirements for each Local Capacity Area identified in the technical study. If a Load Serving Entity or CPE has procured Local Capacity Area Resources that satisfy generation capacity requirements for Local Capacity Areas, the Scheduling Coordinator for such Load Serving Entity or CPE shall include this information in its annual and monthly Resource Adequacy Plan(s).

### 40.3.4 [Not Used]

# \* \* \*

**40.4.3 General Qualifications for Supplying Net Qualifying Capacity**

Resource Adequacy Resources included in a Resource Adequacy Plan submitted by a Scheduling Coordinator on behalf of either a Load Serving Entity serving Load in the CAISO Balancing Authority Area or a CPE must:

(1) Be available for testing by the CAISO to validate Qualifying Capacity, which can be no less than a resource’s PMin as registered in the Master File even if the resource’s contractual Resource Adequacy Capacity is less than its PMin, and determine Net Qualifying Capacity for the next Resource Adequacy Compliance Year;

(2) Provide any information requested by the CAISO to apply the performance criteria to be adopted by the CAISO pursuant to Section 40.4.5;

(3) Submit Bids into the CAISO Markets as required by this CAISO Tariff;

(4) Be in compliance, as of the date that the CAISO performs any testing or otherwise determines Net Qualifying Capacity for the next Resource Adequacy Compliance Year, with the criteria for Qualifying Capacity established by the CPUC, relevant Local Regulatory Authority, or federal agency and provided to the CAISO; and

(5) Be subject to Sanctions for non-performance as specified in the CAISO Tariff; and

(6) For a resource with contractual Resource Adequacy Capacity less than PMin as registered in the Master File, make the PMin available to the CAISO for commitment or dispatch at PMin, subject to Section 11.8 provisions for Bid Cost Recovery, so that the resource’s Resource Adequacy Capacity can be utilized as required by this CAISO Tariff.

### 40.4.4 Reductions for Testing

In accordance with the procedures specified in the Business Practice Manual, the Generating Unit of a Participating Generator or other Generating Units, System Units or Loads of Participating Loads, Reliability Demand Response Resources, or Proxy Demand Resources included in a Resource Adequacy Plan submitted by a Scheduling Coordinator on behalf of a Load Serving Entity or CPE can have its Qualifying Capacity reduced, for purposes of the Net Qualifying Capacity annual report under Section 40.4.2 for the next Resource Adequacy Compliance Year, if a CAISO testing program determines that it is not capable of supplying the full Qualifying Capacity amount.

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### 40.4.7 Submission of Supply Plans

**40.4.7.1 Schedule for Submission of Supply Plans**

Scheduling Coordinators representing Resource Adequacy Resources supplying Resource Adequacy Capacity shall provide the CAISO with annual and monthly Supply Plans, as follows:

(a) The annual Supply Plan shall be submitted to the CAISO on the schedule set forth in the Business Practice Manual and shall verify their agreement to provide Resource Adequacy Capacity during the next Resource Adequacy Compliance Year. The annual Supply Plan may identify a Local Capacity Area Resource as Listed Local RA Capacity.

(b) The monthly Supply Plans or the same information as required to be included in the monthly Supply Plan, plus any other information the CAISO requires as identified in the Business Practice Manual, shall be submitted to the CAISO at least 45 days in advance of the first day of the month covered by the plan, and in accordance with the schedule and in the reporting format(s) set forth in the Business Practice Manual, and shall verify their agreement to provide Resource Adequacy Capacity during that resource adequacy month. The monthly Supply Plan may identify a Local Capacity Area Resource as Listed Local RA Capacity.

(c) The Scheduling Coordinator for the Resource Adequacy Resource may submit, at any time from 45 days through 30 days in advance of the relevant month, a revision to its monthly Supply Plan to correct a discrepancy between its monthly Supply Plan and a Resource Adequacy Plan of a Load Serving Entity or CPE for which that Resource Adequacy Resource is providing Resource Adequacy Capacity, as provided in Section 40.7(b). The CAISO will not accept any revisions to a monthly Supply Plan from 30 days in advance of the relevant month through the end of the month, unless the Scheduling Coordinator for the Resource Adequacy Resource demonstrates good cause for the change and explains why it was not possible to submit the change earlier.

**40.4.7.2 Form of Supply Plans**

The Supply Plan must be in the form of the template provided on the CAISO Website, which shall include an affirmative representation by the Scheduling Coordinator submitting the Supply Plan that the CAISO is entitled to rely on the accuracy of the information provided in the Supply Plan to perform those functions set forth in this Section 40.

**40.4.7.3 Validation of Supply Plans**

The CAISO shall be entitled to take reasonable measures to validate the accuracy of the information submitted in Supply Plans under this Section. Supply Plan validation measures may include the following:

(a) The CAISO may compare a Resource Adequacy Resource’s Resource Adequacy Capacity against the Resource Adequacy Resource’s Net Qualifying Capacity, if applicable. To the extent the Resource Adequacy Capacity of a Resource Adequacy Resource included in a Supply Plan is greater than the Resource Adequacy Resource’s Net Qualifying Capacity, the CAISO will notify the respective Scheduling Coordinators for the Resource Adequacy Resource and each Load Serving Entity or CPE that has included the Resource Adequacy Resource in its Resource Adequacy Plan that the Resource Adequacy Capacity from the Resource Adequacy Resource shall be reduced to the Resource Adequacy Resource’s Net Qualifying Capacity and that it will be considered a mismatch under Section 40.7. If the CAISO is not advised as to how the reduction in Resource Adequacy Capacity to conform with the Resource Adequacy Resource’s Net Qualifying Capacity shall be allocated among each Load Serving Entity and CPE that included the Resource Adequacy Resource on its Resource Adequacy Plan, the CAISO will apply a pro rata reduction based on the Supply Plan.

(b) The CAISO may verify whether the Resource Adequacy Capacity listed in the monthly Supply Plan is scheduled to take an Approved Maintenance Outage during the month. To the extent the Resource Adequacy Capacity of a Resource Adequacy Resource included in a Supply Plan is greater than the Resource Adequacy Capacity designated for the resource in the Resource Adequacy Plan, or includes Resource Adequacy Capacity that is scheduled to take an Approved Maintenance Outage during the month, the CAISO will notify the Scheduling Coordinator for the Resource Adequacy Resource and the respective Scheduling Coordinators for each Load Serving Entity and CPE that has included the Resource Adequacy Resource in its Resource Adequacy Plan that there is a discrepancy, which will be treated as a mismatch under Section 40.7. To the extent the Resource Adequacy Capacity of a Resource Adequacy Resource included in a Supply Plan is less than the Resource Adequacy Capacity designated for the resource in the Resource Adequacy Plan, or includes Resource Adequacy Capacity that is scheduled for an Approved Maintenance Outage during the month, the CAISO will notify the Local Regulatory Authority, the Scheduling Coordinator for the Resource Adequacy Resource, and the respective Scheduling Coordinators for each Load Serving Entity or CPE that has included the Resource Adequacy Resource in its Resource Adequacy Plan that there is a discrepancy, which will be treated as a mismatch under Section 40.7.

(c) Other errors or inaccuracies identified by the CAISO in a Supply Plan shall be treated as a mismatch under Section 40.7.

Disputes regarding the CAISO’s determination of Net Qualifying Capacity shall be subject to Section 40.5.2. The provisions of this Section shall not affect a Resource Adequacy Resource’s Net Qualifying Capacity posted by the CAISO under Section 40.5.2.

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### 40.6.12 Participating Load, PDRs, and RDRRs

Participating Loads, Reliability Demand Response Resources, or Proxy Demand Resources that are included in a Resource Adequacy Plan and Supply Plan, if the Scheduling Coordinator for the Participating Loads, Reliability Demand Response Resources, or Proxy Demand Resources is not the same as that for the Load Serving Entity or CPE, will be administered by the CAISO in accordance with the terms and conditions established by the CPUC or the Local Regulatory Authority.

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**40.7 Compliance**

The CAISO will evaluate Resource Adequacy Plans and Supply Plans as follows:

(a) The CAISO will evaluate whether each annual and monthly Resource Adequacy Plan submitted by a Scheduling Coordinator on behalf of a Load Serving Entity or CPE demonstrates Resource Adequacy Capacity sufficient to satisfy the Load Serving Entity’s or CPE’s (i) allocated responsibility for Local Capacity Area Resources under Section 40.3.2 and (ii) applicable Demand and Reserve Margin requirements. The CAISO will evaluate compliance with the responsibility for demonstrating Local Capacity Area Resources in two phases. Phase 1 of the Local Capacity Area Resource sufficiency evaluation will be made without regard to capacity’s identification as Listed Local RA Capacity. Phase 2 of the Local Capacity Area Resource sufficiency evaluation will consider capacity to be a Local Capacity Area Resource only if it is also Listed Local RA Capacity. If the CAISO determines through the Phase 1 analysis that a Resource Adequacy Plan does not demonstrate Local Capacity Area Resources sufficient to meet its allocated responsibility under Section 40.3.2, compliance with applicable Demand and Reserve Margin requirements, or compliance with any other resource adequacy requirement in this Section 40 or adopted by the CPUC, Local Regulatory Authority, or federal agency, as applicable, then the CAISO will notify the relevant Scheduling Coordinator, CPUC, Local Regulatory Authority, or federal agency with jurisdiction over the relevant Load Serving Entity or CPE. In the case of a discrepancy between Resource Adequacy Plan(s) and Supply Plan(s), the CAISO will notify the relevant Scheduling Coordinators in an attempt to resolve any deficiency in accordance with the procedures set forth in the Business Practice Manual. The notification will be made at least 40 days in advance of the first day of the month covered by the plan and will include the reasons the CAISO believes a deficiency exists. If the deficiency relates to the demonstration of Local Capacity Area Resources in a Load Serving Entity’s or CPE’s annual Resource Adequacy Plan, and the CAISO does not provide a written notice of resolution of the deficiency as set forth in the Business Practice Manual, the Scheduling Coordinator for the Load Serving Entity or CPE may demonstrate that the identified deficiency is cured by submitting a revised annual Resource Adequacy Plan within thirty (30) days of the beginning of the Resource Adequacy Compliance Year. For all other identified deficiencies, other than an insufficiency identified through Phase 2 of the Local Capacity Area Resource sufficiency evaluation, at least 30 days prior to the effective month of the relevant Resource Adequacy Plan, the Scheduling Coordinator for the Load Serving Entity or CPE shall: (i) demonstrate that the identified deficiency is cured by submitting a revised Resource Adequacy Plan; or (ii) advise the CAISO that the CPUC, Local Regulatory Authority, or federal agency, as appropriate, has determined that no deficiency exists. If, after providing any needed opportunity to resolve identified discrepancies as required by Section 40.7(b), the CAISO identifies an insufficiency through Phase 2 of the Local Capacity Area Resource sufficiency evaluation, then the CAISO may notify the relevant Local Regulatory Authority of the insufficiency.

(b) In the case of a discrepancy between Resource Adequacy Plan(s) and Supply Plan(s), if resolved, the relevant Scheduling Coordinator(s) must provide the CAISO with revised Resource Adequacy Plan(s) or Supply Plans, as applicable, at least 30 days prior to the effective month. If the CAISO is not advised that the deficiency or discrepancy is resolved at least 30 days prior to the effective month, the CAISO will use the information contained in the Supply Plan to set the obligations of Resource Adequacy Resources under this Section 40 and/or to assign any costs incurred under this Section 40 and Section 43A.

**40.7.1 Other Compliance Issues**

Scheduling Coordinators representing Generating Units, System Units or System Resources supplying Resource Adequacy Capacity that fail to provide the CAISO with an annual or monthly Supply Plan, as applicable, as set forth in Section 40.7, shall be subject to Section 37.6.1. Further, Scheduling Coordinators representing Generating Units, System Units or System Resources supplying Resource Adequacy Capacity that fail to provide the CAISO with information required for the CAISO to determine Net Qualifying Capacity shall not be eligible for inclusion in the Net Qualifying Capacity annual report under Section 40.4.2 for the next Resource Adequacy Compliance Year and shall be subject to any applicable Sanctions under Section 37.6.1.

**40.7.2 Penalties for Non-Compliance**

The failure of a Resource Adequacy Resource or Resource Adequacy Capacity to be available to the CAISO in accordance with the requirements of this Section 40 or Section 9.3.1.3, and the failure to operate a Resource Adequacy Resource by placing it online or in a manner consistent with a submitted Bid or Generated Bid shall be subject to the applicable Sanctions set forth in Section 37.2.4. However, any failure of the Resource Adequacy Resource to satisfy any obligations prescribed under this Section 40 or Section 9.3.1.3 during a Resource Adequacy Compliance Year for which Resource Adequacy Capacity has been committed to a Load Serving Entity or CPE shall not limit in any way, except as otherwise established under Section 40.4.5 or requirements of the CPUC, Local Regulatory Authority, or federal agency, as applicable, the ability of the Load Serving Entity or CPE to whom the Resource Adequacy Capacity has been committed to use such Resource Adequacy Capacity for purposes of satisfying the resource adequacy requirements of the CPUC, Local Regulatory Authority, or federal agency, as applicable. In addition, an LSE or CPE shall not be subject to any sanctions, penalties, or other compensatory obligations under this Section 40 on account of a Resource Adequacy Resource’s satisfaction or failure to satisfy its obligations under this Section 40 or Section 9.3.1.3.

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**40.9.6.2 Determination of Availability Incentive Payment**

(a) **Self-Funding.** The Availability Incentive Payment will be funded entirely through the monthly Non-Availability Charges assessed. Availability Incentive Payments for Resource Adequacy Resources providing Flexible RA Capacity will be funded exclusively by Non-Availability Charges assessed against Resource Adequacy Resources providing Flexible RA Capacity.

(b) **Eligible Capacity.** The capacity of a Resource Adequacy Resource providing local, system or Flexible RA Capacity that is eligible to receive an Availability Incentive Payment shall be the resource’s average monthly MWs of capacity that exceed the upper bound of the Availability Standard.

(c) **Calculation.**

(1) The monthly Availability Incentive Payment rate will equal the total Non-Availability Charges assessed for the month plus any unpaid funds under Section 40.9.6.2(d), divided by the total Resource Adequacy Capacity eligible to receive the Availability Incentive Payment that month.

(2) The Availability Incentive Payment rate shall not exceed three times the Non-Availability Charge rate.

(3) The Availability Incentive Payment the CAISO shall pay to each eligible resource shall equal the product of its eligible capacity and the Availability Incentive Payment rate.

(d) **Unpaid Funds.**  Any Non-Availability Charge funds that are not distributed to Resource Adequacy Resources eligible to receive Availability Incentive Payments in a month will be distributed to Load Serving Entities. The separate pool of undistributed Non-Availability Charge funds collected for local and/or system Resource Adequacy Capacity will be distributed to Load Serving Entities based on their load ratio share for the month. The separate pool of undistributed Non-Availability Charge funds collected for Flexible RA Capacity will be distributed to Load Serving Entities based on their load ratio share for the month.

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## 41.8 Allocating Resource Adequacy Credits for RMR Designations

The CAISO will provide Resource Adequacy credits to the Scheduling Coordinators of Load-Serving Entities that serve load in the applicable TAC Area(s) in which the need for the RMR Contract arose equal to the Load-Serving Entity’s pro rata share of the eligible net qualifying capacity of the RMR Resource, which shall be based upon each Load-Serving Entity’s proportionate share of the Load-Serving Entity’s applicable TAC Area Load at the time of the CAISO’s annual coincident Peak Demand set forth in the annual Peak Demand Forecast for the next Resource Adequacy Compliance Year. The credited amount will be broken down into monthly values. Each year, the CAISO will provide information to the CPUC regarding the allocation of Resource Adequacy credits to CPUC-jurisdictional Load Serving Entities to allow the CPUC to determine whether the Load Serving Entity should receive the Resource Adequacy credits the CAISO has allocated. The CAISO will provide that same information to any Local Regulatory Authority that has designated a CPE to procure RA Capacity on behalf of a Load Serving Entity under that Local Regulatory Authority’s jurisdiction. The CPUC and any other Local Regulatory Authority that is so notified by the CAISO may reallocate the credits among its jurisdictional Load Serving Entities and any CPEs procuring capacity on behalf of those jurisdictional Load Serving Entities. If a Local Regulatory Authority notifies the CAISO of any adjusted initial allocation or subsequent reallocation of RMR credits, the CAISO will reflect the revised allocation in its systems prospectively at the next practicable opportunity. A Local Regulatory Authority’s subsequent reallocation of RMR credits among its jurisdictional Load Serving Entities or CPEs may not exceed the total of the initial RMR credit provided by the CAISO to the Scheduling Coordinators for the Load Serving Entities under the jurisdiction of the given Local Regulatory Authority.

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### 43A.2.1 SC Failure to Show Sufficient Local Capacity Area Resources

**43A.2.1.1 Annual Resource Adequacy Plan**

Where a Scheduling Coordinator fails to demonstrate in an annual Resource Adequacy Plan, submitted separately for each represented LSE or CPE, procurement of each LSE’s or CPE’s share of Local Capacity Area Resources (irrespective of status as Listed Local RA Capacity), as determined in Section 40.3.2 for each month of the following Resource Adequacy Compliance Year, the CAISO shall have the authority to designate CPM Capacity; provided, however, that the CAISO shall not designate CPM Capacity under this Section 43A.2.1.1 until after the Scheduling Coordinator has had the opportunity to cure the deficiency set forth in Section 40.7. The CAISO’s authority to designate CPM Capacity under this Section 43A.2.1.1 is to ensure that each Local Capacity Area in a TAC Area in which the LSE or CPE has a Local Capacity Area Resource obligation has Local Capacity Area Resources in the amounts and locations necessary to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, after assessing the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual Resource Adequacy Plans and any supplements thereto, as may be permitted by the CPUC, Local Regulatory Authority, or federal agency and provided to the CAISO in accordance with Section 40.7, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area.

**43A.2.1.2 Monthly Resource Adequacy Plan**

Where a Scheduling Coordinator fails to demonstrate in a monthly Resource Adequacy Plan, submitted separately for each represented LSE or CPE, procurement of each LSE’s or CPE’s share of Local Capacity Area Resources (irrespective of status as Listed Local RA Capacity), as determined in Section 40.3.2 for the reported month, the CAISO shall have the authority to designate CPM Capacity; provided, however, that the CAISO shall not designate CPM Capacity under this Section 43A.2.1.2 until after the Scheduling Coordinator has had the opportunity to cure the deficiency as set forth in Section 40.7. In no case is the CAISO authorized to designate CPM Capacity under this Section 43A.2.1.2 solely because a monthly Resource Adequacy Plan demonstrates procurement of a Local Capacity Area Resource that is on a Maintenance Outage at some point during the applicable month. The CAISO’s authority to designate CPM Capacity under this Section 43A.2.1.2 is to ensure that each Local Capacity Area in a TAC Area in which the LSE or CPE has a Local Capacity Area Resource obligation has Local Capacity Area Resources in the amounts and locations necessary to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, after assessing the effectiveness of all Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted monthly Resource Adequacy Plans and any supplements thereto, as may be permitted by the CPUC, Local Regulatory Authority, or federal agency and provided to the CAISO in accordance with Section 40.7.

### 43A.2.2 Collective Deficiency in Local Capacity Area Resources

The CAISO shall have the authority to designate CPM Capacity where the Local Capacity Area Resources (irrespective of status as Listed Local RA Capacity) specified in the annual Resource Adequacy Plans of all applicable Scheduling Coordinators, after the opportunity to cure under Section 43A.2.2.1 has been exhausted, fail to ensure compliance in one or more Local Capacity Areas with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, regardless of whether such resources satisfy, for the deficient Local Capacity Area, the minimum amount of Local Capacity Area Resources identified in the Local Capacity Technical Study, and after assessing during all hours the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual Resource Adequacy Plans, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area. The CAISO may, pursuant to this Section 43A.2.2, designate CPM Capacity in an amount and location sufficient to ensure compliance during all hours with the Reliability Criteria applied in the Local Capacity Technical Study.

**43A.2.2.1 LSE and CPE Opportunity to Resolve Collective Deficiency in Local Capacity Area Resources**

Where the CAISO determines that a need for CPM Capacity exists under Section 43A.2.2, but prior to any designation of CPM Capacity, the CAISO shall issue a Market Notice identifying the deficient Local Capacity Area and the quantity of capacity that would permit the deficient Local Capacity Area to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1 and, where only specific resources are effective to resolve the Reliability Criteria deficiency, the CAISO shall provide the identity of such resources. Any Scheduling Coordinator for a LSE or CPE may submit a revised annual Resource Adequacy Plan within thirty (30) days of the beginning of the Resource Adequacy Compliance Year demonstrating procurement of additional Local Capacity Area Resources consistent with the Market Notice issued under this Section.

Any Scheduling Coordinator that provides such additional Local Capacity Area Resources consistent with the Market Notice under this Section shall have its share of any CPM procurement costs under Section 43A.8.3 reduced on a proportionate basis; provided, however, that the Scheduling Coordinator for a CPE in no circumstance has any share of CPM procurement costs under Section 43A.8.3. If the full quantity of capacity is not reported to the CAISO under revised annual Resource Adequacy Plans in accordance with this Section, the CAISO may designate CPM Capacity sufficient to alleviate the deficiency.

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## 43A.8 Allocation of CPM Capacity Payment Costs

For each month, the CAISO shall allocate the costs of CPM Capacity Payments made pursuant to Section 43A.7 as follows:

### 43A.8.1 LSE or CPE Shortage of Local Capacity Area Resources in Annual Plan

If the CAISO makes CPM designations under Section 43A.2.1.1 to address a shortage resulting from the failure of a Scheduling Coordinator for an LSE or CPE to identify sufficient Local Capacity Area Resources to meet its applicable Local Capacity Area capacity requirements in its annual Resource Adequacy Plan, then the CAISO shall allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro rata to each Scheduling Coordinator for an LSE or CPE based on the ratio of its Local Capacity Area Resource Deficiency to the sum of the deficiency of Local Capacity Area Resources in the deficient Local Capacity Area(s) within a TAC Area. The Local Capacity Area Resource Deficiency under this Section shall be computed on a monthly basis and the CPM Capacity Payments allocated based on deficiencies during the month(s) covered by the CPM designation(s).

### 43A.8.2 LSE or CPE Shortage of Local Capacity Area Resources in Month Plan

If the CAISO makes CPM designations under Section 43A.2.1.2 to address a shortage resulting from the failure of a Scheduling Coordinator for an LSE or CPE to identify sufficient Local Capacity Area Resources to meet its applicable Local Capacity Area capacity requirements in its monthly Resource Adequacy Plan, then the CAISO shall allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro rata to each Scheduling Coordinator for an LSE or CPE based on the ratio of its Local Capacity Area Resource Deficiency to the sum of the deficiency of Local Capacity Area Resources in the deficient Local Capacity Area(s) within a TAC Area.

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## 43A.9 Crediting of CPM Capacity

The CAISO shall credit CPM designations to the resource adequacy obligations of Scheduling Coordinators for Load Serving Entities and CPEs as follows:

(a) To the extent the cost of CPM designation under Section 43A.2.1.1 is allocated to a Scheduling Coordinator on behalf of a LSE or CPE under Section 43A.8.1, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE or CPE, for the term of the designation, credit towards (1) the LSE’s or CPE’s Local Capacity Area Resource obligation under Section 40.3.2 in an amount equal to the LSE’s or CPE’s pro rata share of the CPM Capacity designated under Section 43A.2.1.1 and (2) the LSE’s Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE’s pro rata share of the CPM Capacity designated under Section 43A.2.1.1; provided, however, where the cost of a CPM designation under Section 43A.2.1.1 is allocated to a Scheduling Coordinator for a CPE, the CAISO will credit the Demand and Reserve Margin requirements determined under Section 40 to the LSEs represented by the CPE based on the proportions provided by the relevant Local Regulatory Authority under Section 40.3.2(d), or, if no such proportions are provided, then to each LSE represented by that CPE pro rata based on its Local Capacity Area resource obligation as initially determined under Section 40.3.2(a).

(b) To the extent the cost of CAISO designation under Section 43A.2.2 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43A.8.3, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE’s Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE’s pro rata share of the CPM Capacity designated under Section 43A.2.2.

(c) To the extent the cost of CPM designation under Section 43A.2.3 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43A.8.4, and the designation is for greater than one month under Section 43A.3.4, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE’s Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE’s pro rata share of the CPM Capacity designated under Section 43A.2.3.

(d) The credit provided in this Section shall be used for determining the need for the additional designation of CPM Capacity under Section 43A.2 and for allocation of CPM costs under Section 43A.8.

(e) For each Scheduling Coordinator that is provided credit pursuant to this Section, the CAISO shall provide information, including the quantity of capacity procured in MW, necessary to allow the CPUC, other Local Regulatory Authority, or federal agency with jurisdiction over the LSE or CPE on whose behalf the credit was provided to determine whether the LSE or CPE should receive credit toward its resource adequacy requirements adopted by such agencies or authorities.

# (f) To the extent the cost of Flexible Capacity CPM designation under Section 43A.2.7 is allocated to a Scheduling Coordinator for an LSE under Section 43A.8.8, and the designation is for greater than one month under Section 43A.3.8, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE’s Flexible Capacity requirements determined under Section 40 in an amount equal to the LSE’s pro rata share of the Flexible Capacity CPM designated under Section 43A.2.7.\* \* \*

**Appendix A**

# - Central Procurement Entity

An entity that has executed the Central Procurement Entity Agreement, a pro forma version of which is set forth in Appendix B.23, and has been designated by a Local Regulatory Authority to: (a) procure RA Capacity corresponding to the load serving obligations of at least one Load Serving Entity under that LRA’s jurisdiction; and (b) demonstrate such procurement to the CAISO pursuant to the RA showings process in Section 40.2.

**- Central Procurement Entity Agreement**

An agreement between the CAISO and a Central Procurement Entity, a pro forma version of which is set forth in Appendix B.23.

# - Market Participant

An entity, including a Scheduling Coordinator, who (1) participates in the CAISO Markets through the buying, selling, transmission, or distribution of Energy, capacity, or Ancillary Services into, out of, or through the CAISO Controlled Grid; (2) is a CRR Holder or Candidate CRR Holder; (3) is a Convergence Bidding Entity; (4) for purposes of scheduling and operating the Real-Time Market only, is an EIM Market Participant; or (5) is a Central Procurement Entity.

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**Appendix B**

**Appendix B.23 Central Procurement Entity Agreement** *To be included in a future draft tariff posting*