**40.4.6.2 Deliverability of Imports**

**40.4.6.2.1 Available Import Capability Assignment Process**

For Resource Adequacy Plans, total Available Import Capability will be assigned on an annual basis for a one-year term to Scheduling Coordinators representing Load Serving Entities serving Load in the CAISO Balancing Authority Area and, in limited circumstances, to Scheduling Coordinators representing Participating Generators or System Resources, as described by the following sequence of steps.

**Step 1:**  Determination of Maximum Import Capability on Interties into the CAISO Balancing Authority Area: The CAISO shall establish the Maximum Import Capability for each Intertie into the CAISO Balancing Authority Area, and will post those values on the CAISO Website in accordance with the schedule and process set forth in the Business Practice Manual.

**Step 2:** Determination of Available Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by Out-of- Balancing Authority Area LSEs: For each Intertie, the Available Import Capability will be determined by subtracting from the Maximum Import Capability established in Step 1 for each Intertie the import capability on each Intertie associated with (i) Existing Contracts and (ii) Transmission Ownership Rights held by load serving entities that do not serve Load within the CAISO Balancing Authority Area. The remaining sum of all Intertie Available Import Capability is the Total Import Capability. Total Import Capability shall be used to determine the Load Share Quantity for each Load Serving Entity that serves Load within the CAISO Balancing Authority Area.

**Step 3:** Determination of Existing Contract Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by CAISO Balancing Authority Area LSEs: From the Available Import Capability remaining on each Intertie after Step 2 above, Existing Contracts and Transmission Ownership Rights held by Load Serving Entities that serve Load within the CAISO Balancing Authority Area shall be reserved for the holders of such commitments and will not be subject to reduction under any subsequent steps in this Section. The import capability reserved pursuant to this Step 3 is the Existing Contract Import Capability.

**Step 4a:** Assignment of Pre-RA Import Commitments: From the Available Import Capability remaining on each Intertie after reserving Existing Contract Import Capability under Step 3 above, the CAISO will assign to Load Serving Entities serving Load within the CAISO Balancing Authority Area Pre-RA Import Commitment Capability on a particular Intertie based on Pre-RA Import Commitments in effect (where a supplier has an obligation to deliver the Energy or make the capacity available) at any time during the Resource Adequacy Compliance Year for which the Available Import Capability assignment is being performed. The Pre-RA Import Commitment will be assigned to the Intertie selected by the Load Serving Entity during the submission of the import commitment data template as required per Business Process Manual, and it must be the primary Intertie upon which the Energy or capacity is anticipated to be scheduled. If a Pre-RA Import Commitment submitted on behalf of a LSE with Existing Contract Import Capability is assigned under this Section to the same Intertie on which the LSE holds Existing Contract Import Capability, the Pre-RA Import Commitment will be assumed to deliver over the Existing Contract Import Capability until exhausted, unless the LSE can demonstrate otherwise.

To the extent a particular Intertie becomes over requested with Pre-RA Import Commitments, such that the MW represented in all Pre-RA Import Commitments utilizing the Intertie exceed the Intertie’s Available Import Capability in excess of that reserved for Existing Contracts and Transmission Ownership Rights under Steps 2 and 3, the Pre-RA Import Commitments will be assigned Pre-RA Import Commitment Capability, based on the Import Capability Load Share Ratio of each Load Serving Entity submitting Pre-RA Import Commitments on the particular Intertie. To the extent this initial assignment of Pre-RA Import Commitment Capability has not fully assigned the Available Import Capability of the particular over requested Intertie, the remaining Available Import Capability on the over requested Intertie will be assigned until fully exhausted based on the Import Capability Load Share Ratio of each Load Serving Entity whose submitted Pre-RA Import Commitment has not been fully satisfied by the previous Import Capability Load Share Ratio assignment iteration. The Available Import Capability assigned pursuant to this Step 4a is the Pre-RA Import Commitment Capability.

Step 4b: Assignment of New Use Import Commitments: From the Available Import Capability remaining on each Intertie after reserving Existing Contract Import Capability under Step 3 above and reserving Pre-RA Import Commitment Capability under step 4a above, the CAISO will assign to Load Serving Entities serving Load within the CAISO Balancing Authority Area New Use Import Commitment Capability on a particular Intertie based on New Use Import Commitments in effect during the Resource Adequacy Compliance Year for which the Available Import Capability assignment is being performed. The CAISO will assign the New Use Import Commitment to the Intertie selected by the Load Serving Entity in the import commitment data template as required per Business Process Manual, and it must be the primary Intertie upon which the Energy or capacity is anticipated to be scheduled. If a New Use Import Commitment submitted by an LSE with Existing Contract Import Capability is assigned under this Section to the same Intertie on which the Load Serving Entity holds Existing Contract Import Capability, the CAISO will assume the New Use Import Commitment will be delivered over the Existing Contract Import Capability until exhausted, unless the LSE can demonstrate otherwise.

To the extent a particular Intertie becomes over requested with New Use Import Commitments, such that the MW represented in all New Use Import Commitments using the Intertie exceed the Intertie’s Available Import Capability in excess of that reserved for Existing Contracts and Transmission Ownership Rights under Steps 2 and 3 as well as Pre-RA Import Commitments under Step 4a, the New Use Import Commitments will be assigned New Use Import Commitment Capability, based on the Import Capability Load Share Ratio of each Load Serving Entity submitting New Use Import Commitments on the particular Intertie. To the extent the initial assignment of New Use Import Commitment Capability does not fully assign the Available Import Capability on the over requested Intertie, the CAISO will assign the remaining Available Import Capability on the over requested Intertie until fully exhausted based on the Import Capability Load Share Ratio of each Load Serving Entity whose submitted New Use Import Commitment has not been fully satisfied by the previous Import Capability Load Share Ratio assignment iteration. The Available Import Capability assigned pursuant to this Step 4b is the New Use Import Commitment Capability. Any New Use Import Commitment Capability shall not exceed the limitations imposed in Section 40.4.6.2.2.4.

**Step 5:** Assignment of Remaining Import Capability Limited by Load Share Quantity: The Total Import Capability remaining after Step 4 will be assigned only to Load Serving Entities serving Load within the CAISO Balancing Authority Area that have not received Existing Contract Import Capability, Pre-RA Import Commitment Capability and New Use Import Commitment Capability under Steps 3 and 4, that exceed the Load Serving Entity’s Load Share Quantity. Only the MW quantity of any Pre-RA Import Commitment Capability and New Use Import Commitment Capability assigned to Existing Contract Import Capability under Step 4 that exceeds the Existing Contract Import Capability on the particular Intertie will be counted for purposes of this Step 5.

The CAISO will assign Remaining Import Capability based on the following process. First, the CAISO will calculate the gross Remaining Import Capability by subtracting the sum of the MW quantity assigned to excluded LSEs from the Total Import Capability. Next, the CAISO will calculate the share of gross Remaining Import Capability based on load share ratio among the remaining eligible Load Serving Entities. Any CAISO internal Load Serving Entity with allocations received from both Steps 3 & 4 that exceed or are equal to its share of the gross Remaining Import Capability will be excluded from further allocation of Remaining Import Capability. The CAISO will reiterate this calculation until there are no excluded Load Serving Entities. Each remaining eligible Load Serving Entity will have its Remaining Import Capability calculated by subtracting its total of all allocations received under Steps 3, 4a & 4b from its share of the gross Remaining Import Capability. The Total Import Capability will be assigned until fully exhausted to those Load Serving Entities eligible to receive an assignment under this Step. The quantity of Total Import Capability assigned to the Load Serving Entity under this Step is the Load Serving Entity’s Remaining Import Capability. This Step 5 does not assign Remaining Import Capability on a specific Intertie.

**Step 6:** CAISO Posting of Assigned and Unassigned Capability: Following the completion of Step 5, the CAISO will post to the CAISO Website, in accordance with the schedule set forth in the Business Practice Manual the following information:

(a) The Total Import Capability;

(b) The quantity in MW of Existing Contracts and Transmission Ownership Rights assigned to each Intertie, distinguishing between Existing Contracts and Transmission Ownership Rights held by Load Serving Entities within the CAISO Balancing Authority Area and those held by load serving entities outside the CAISO Balancing Authority Area;

(c) The aggregate quantity in MW, and identity of the holders, of Pre-RA Import Commitments assigned to each Intertie; and

(d) The aggregate quantity in MW of Available Import Capability after Step 4, the identity of the Interties with Available Import Capability, and the MW quantity of Available Import Capability on each such Intertie.

(e) For each individual Intertie, the name of the holder of Existing Contracts and Transmission Ownership Rights, Pre-RA Import Commitments and New Use Import Commitments as well as maximum locked up amount, lock start date, lock expiration date and potentially other available information that provides stakeholders with transparency into the allocation process.

**Step 7:** CAISO Notification of LSE Assignment Information: Following the completion of Step 5, in accordance with the schedule set forth in the Business Practice Manual, the CAISO will notify the Scheduling Coordinator for each Load Serving Entity of:

(a) The Load Serving Entity’s Import Capability Load Share;

(b) The Load Serving Entity’s Load Share Quantity; and

(c) The amount of, and Intertie on which, the Load Serving Entity’s Existing Contract Import Capability, Pre-RA Import Commitment Capability and New Use Import Commitment Capability, as applicable, has been assigned; and

(d) The Load Serving Entity’s Remaining Import Capability.

**Step 8:** Transfer of Import Capability: In accordance with the schedule set forth in the Business Practice Manual, a Scheduling Coordinator for a Load Serving Entity shall be allowed to transfer some or all of its Remaining Import Capability to any other Scheduling Coordinator for a Load Serving Entity. The CAISO will accept transfers between Scheduling Coordinators only to the extent such transfers are reported to the CAISO, in accordance with the schedule set forth in the Business Practice Manual and through the CAISO’s Import Capability Transfer Registration Process, by the entity receiving the Remaining Import Capability who must set forth (1) the name of the counter-parties, (2) the MW quantity, (3) term of transfer, and (4) price on a per MW basis. The CAISO will post to the CAISO Website in accordance with the schedule set forth in the Business Practice Manual the information on transfers of Remaining Import Capability received under this Step 8.

**Step 9:** Initial Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: In accordance with the schedule set forth in the Business Practice Manual, the Scheduling Coordinator for each Load Serving Entity shall notify the CAISO of its request to assign its post-trading Remaining Import Capability on a MW basis per available Intertie. Total requests for assignment of Remaining Import Capability by a Scheduling Coordinator cannot exceed the sum of the post-traded Remaining Import Capability of its Load Serving Entities. The CAISO will honor the requests to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests for Remaining Import Capability on that Intertie will be assigned based on each Load Serving Entity’s Import Capability Load Share Ratio in the same manner as set forth in Step 4. A Scheduling Coordinator for a Load Serving Entity without an Import Capability Load Share will be assigned the Import Capability Load Share equal to the average Import Capability Load Share of those Load Serving Entities from which it received transfers of Remaining Import Capability.

**Step 10:** CAISO Notification of Initial Remaining Import Capability Assignments and Unassigned Capability: In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

(a) Notify the Scheduling Coordinators of accepted request(s) for assigning Remaining Import Capability under Step 9;

(b) Publish on the CAISO Website aggregate unassigned Available Import Capability, if any, the identity of the Interties with unassigned Available Import Capability, and the MW quantity of Available Import Capability, on each such Intertie; and

(c) Issue a Market Notice to advise the Scheduling Coordinators that Step 10 is complete and to specify the time at which the CAISO will begin accepting requests for the Remaining Import Capability for Step 11.

**Step 11:** Secondary Scheduling Coordinator Request to Assign Remaining Import Capability by Intertie: To the extent Remaining Import Capability remains unassigned as disclosed by Step 10, in accordance with the schedule set forth in the Business Practice Manual, Scheduling Coordinators for Load Serving Entities shall notify the CAISO of their requests to assign any Remaining Import Capability on a MW per available Intertie basis. Step 10 must be completed before a Scheduling Coordinator may submit a request under this step for any Remaining Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 10 will not be honored by the CAISO. The CAISO will honor the timely requests received to the extent an Intertie has not been over requested. If an Intertie is over requested, the requests on that Intertie will be assigned based on each Load Serving Entity’s Import Capability Load Share Ratio, as used in Steps 4 and 9.

**Step 12:** Notification of Secondary Remaining Import Capability Assignments and Unassigned Capability: In accordance with the schedule set forth in the Business Practice Manual, the CAISO will:

(a) Notify the Scheduling Coordinator for each Load Serving Entity of the Load Serving Entity’s accepted request(s) for assigning Remaining Import Capability under Step 11;

(b) Publish on the CAISO Website unassigned aggregate Available Import Capability, if any, the identity of the Interties with Available Remaining Import Capability, and the MW quantity of Availability Import Capability on each such Intertie; and

(c) Issue a Market Notice to advise the Scheduling Coordinator for each Load Serving Entity that Step 12 is complete and to specify the time at which the CAISO will begin accepting requests for the Balance of Year Unassigned Available Import Capability for Step 13.

**Step 13:** Requests for Balance of Year Unassigned Available Import Capability: To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities, Participating Generators, or System Resources may notify the CAISO of a request for unassigned Available Import Capability on a specific Intertie on a per MW basis. Step 12 must be completed before a Scheduling Coordinator may submit a request under this step for any remaining unassigned Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 12 will not be honored by the CAISO. Each request must include the identity of Load Serving Entity, Participating Generator, or System Resource on whose behalf the request is made. The CAISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load Serving Entity, Participating Generator, or System Resource. The CAISO will honor timely requests in priority of the time requests from Scheduling Coordinators were received until the Intertie is fully assigned and without regard to any Load Serving Entity’s Load Share Quantity. Any honored request shall be for the remainder of the Resource Adequacy Compliance Year.

The CAISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the CAISO and, within seven (7) days of receipt of the request, whether the request was honored. If a request made on behalf of a Load Serving Entity is honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned Available Import Capability. If the request is not honored because the Intertie requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned Available Import Capability on a different Intertie. The CAISO will update on its website the list of unassigned Available Import Capability by Intertie in accordance with the schedule set forth in the Business Practice Manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can be credited towards satisfying the Reserve Margin of a Load Serving Entity under this Section 40. Upon the request of the CAISO, Scheduling Coordinators must provide the CAISO with information on Pre-RA Import Commitments and New Use Import Commitments as well as any transfers or sales of assigned Total Import Capability.

**40.4.6.2.2 Bilateral Import Capability Transfers and Registration Process**

**40.4.6.2.2.1 Eligibility Registration for Bilateral Import Capability Transfers**

To be eligible to engage in any bilateral assignment, sale, or transfer of Remaining Import Capability under Step 8 of Section 40.4.6.2.1 or Section 40.4.6.2.2.2 or transfer of Existing Contract Import Capability, Pre-RA Import Commitment Capability and New Use Import Commitment Capability under Section 40.4.6.2.2.2, a Load Serving Entity or other Market Participant must provide the CAISO through the Import Capability Transfer Registration Process the following information:

(a) Name of the Load Serving Entity or Market Participant

(b) E-mail contact information

The CAISO will post to the CAISO Website the information received under this Section on a monthly basis in accordance with the schedule set forth in the Business Practice Manual. Any assignment, sale, or transfer of Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability may only be made by or to a Load Serving Entity or Market Participant whose information received under this Section has been posted to the CAISO Website prior to the date of the assignment, sale, or transfer of the Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability. It shall be the exclusive responsibility of the Scheduling Coordinator for the Load Serving Entity or Market Participant to ensure that the information posted to the CAISO Website under this Section is accurate and up to date.

**40.4.6.2.2.2 Reporting Process for Bilateral Import Capability Transfers**

This Section shall apply to all transfers of Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability other than that provided for in Step 8 of Section 40.4.6.2.1. Any Load Serving Entity or other Market Participant that has obtained Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability may assign, sell, or otherwise transfer such Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability in MW increments rounded to two decimal. The import capability subject to each transfer shall remain on the Intertie assigned pursuant to Section 40.4.6.2.1.

The Scheduling Coordinator for the Load Serving Entity or Market Participant receiving the transferred Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability must report the transfer to the CAISO through the CAISO’s Import Capability Transfer Registration Process by providing the following information:

(a) Identity of the counter-party(ies);

(b) The MW quantity;

(c) The Intertie on which the Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability was assigned;

(d) Term of the transfer;

(e) Price on a per MW basis; and

(f) Whether the import capability assignment being transferred is Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability.

The CAISO will promptly post to the CAISO Website the information on transfers received under this Section except for the information received pursuant to subpart (f) of this Section. On a quarterly basis, the CAISO shall also report to FERC the transfer information received under this Section and Step 8 of Section 40.4.6.2.1. Transfer information received in accordance with this Section after the 20th calendar day of any month shall not be permitted to be included in the Load Serving Entity’s Resource Adequacy Plan submitted in the same month as the transfer submission.

**40.4.6.2.2.3 Other Import Capability Information Postings**

The CAISO will post to the CAISO Website on a monthly basis in accordance with the schedule set forth in the Business Practice Manual, for each Intertie, the holder and that holder’s quantity in MW of import capability assigned on the particular Intertie as of the reporting date.

The CAISO will also post to the CAISO Website following submission of the annual Resource Adequacy Plans under Sections 40.2.1.1, 40.2.2.4, 40.2.3.4, and 40.2.4, for each Intertie, by a “yes” or “no” designation, whether each holder of import capability assigned on the particular Intertie has fully included the assigned import capability in the holder’s annual Resource Adequacy Plans.

**40.4.6.2.2.4 Reserving import capacity as New Use Import Commitment**

An import allocation received as Remaining Import Capability (Steps 5-13) may be reserved at the branch group level by the LSE holder for the applicable RA year. To reserve an import allocation, the LSE must hold the import allocation for all 12 months of the applicable RA year. LSEs cannot reserve import allocations for partial years.

LSEs may reserve an import allocation for the term of the New Use Import Commitment by showing an applicable New Use Import Commitment, signed by May 15th of the applicable RA year, if the New Use Import Commitment (1) identifies a specific resource or an aggregation of specific resources that will provide capacity or energy and (2) meets all the requirements herein as well as those described in the appropriate Business Process Manual.

A New Use Import Commitment reservation can extend for an undetermined length of time, but the reserved quantity cannot exceed future year ahead Load Share Quantity. For implementation purposes, before import allocations are given out for the next RA year, LSEs must provide the CAISO with contract priority curtailment order including preference between curtailment applied as entire contract or partial contract. If an LSE choses partial contract curtailment, the LSE must keep the entire contract unchanged for the duration of the next RA year. Any change in contractual terms other than the scheduling intertie, or the sale (part or entire) RA contract that currently qualifies as a New Use Import Commitment by its LSE holder will result in the loss of status as New Use Import Commitment.

LSEs can reserve up to 75% of their year ahead total import allocation (representing the sum of Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability and Remaining Import Capability as communicated by the CAISO per step 7) at the branch group level with applicable contracts. The total reserved amount for each LSE represents the sum of all their Existing Contract Import Capability, Pre-RA Import Commitment Capability and New Use Import Commitment Capability.