

2.5.23.3.6 Emissions Costs

2.5.23.3.6.1 Obligation to Pay Emissions Cost Charges

Each Scheduling Coordinator shall be obligated to pay a charge which will be used to pay the verified Emissions Costs incurred by a Must-Offer Generator as a direct result of an ISO Dispatch instruction, in accordance with this Section 2.5.23.3.6. The ISO shall levy this administrative charge (the "Emissions Cost Charge") each month, against all Scheduling Coordinators based upon each Scheduling Coordinator's Control Area Gross Loadmetered Demand within the ISO Control Area and Demand within California outside of the ISO Control Area that is served by exports from the ISO Control Area. Scheduling Coordinators shall make payment for all Emissions Cost Charges in accordance with the ISO Payments Calendar.

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2.5.23.3.7 Start-Up Fuel Costs

2.5.23.3.7.1 Obligation to Pay Start-Up Fuel Cost Charges

Each Scheduling Coordinator shall be obligated to pay a charge which will be used to pay the verified Start-Up Fuel Costs incurred by a Must-Offer Generator as a direct result of an ISO Dispatch instruction, in accordance with this Section 2.5.23.3.7. The ISO shall levy this charge (the "Start-Up Fuel Cost Charge"), each month, against all Scheduling Coordinators based upon each Scheduling Coordinator's Control Area Gross Loadmetered Demand within the ISO Control Area and Demand within California outside of the ISO Control Area that is served by exports from the ISO Control Area. Scheduling Coordinators shall make payment for all Start-Up Fuel Cost Charges in accordance with the ISO Payments Calendar.

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2.5.23.3.8.2 Data Requirements to Establish Eligibility to Establish the Marginal Proxy Clearing Price or Non-Emergency Clearing Price

~~Scheduling Coordinators for generating units not contained within the metered boundaries of the ISO Control Area that seek to be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price must meet the requirements set forth in the ISO's "Monitoring and Communications Requirements for Generating Units Providing Only Energy and Supplemental Energy" as posted on the ISO Home Page.~~ Scheduling Coordinators for generating units not contained within the metered boundaries of the ISO Control Area that seek to be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price must provide the ISO, for each such generating unit, with: 1) a unique interchange identifier that refers to the generating unit; and 2) the heat rate data set forth in Section 2.5.23.3.3 before those units will be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price. Scheduling Coordinators for generating units not contained within the metered boundaries of the ISO Control Area that seek to be eligible to set the Marginal Proxy Clearing Price or Non-Emergency Clearing Price must provide the ISO with Settlement Quality Meter Data for each BEEP Interval in that Trade Day and other Settlement Quality ~~Meter~~ Data the ISO may deem necessary to verify the generating unit's performance. Scheduling Coordinators shall submit these data using the template posted on the ISO Home Page for this purpose, no later than 30 calendar days after the Trade Day in which the Energy was provided.

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2.5.27.7.1 Limitation During Price Mitigation Reserve Deficiencies

Notwithstanding any other provision of the ISO Tariff, effective June 21, 2001, the Market Clearing Prices for Regulation Up, Regulation Down, Spinning Reserves, Non-Spinning Reserves, and Replacement Reserves shall not exceed the Hourly Ex Post Price in effect at the deadline for submitting bids to that market, as determined in accordance with Section 2.5.23.3.1.1, during Price Mitigation Reserve Deficiencies. Subject to Section 2.5.27.7.4 of this ISO Tariff, Scheduling

Coordinators for Generating Units, System Units, Loads, and System Resources that submit bids above the Hourly Ex Post Price in effect at the deadline for submitting bids to that market for the supply of these Ancillary Services during Price Mitigation Reserve Deficiencies shall be paid in accordance with their bids if accepted by the ISO. Such bids shall be subject to cost justification requirements and potential refunds.

2.5.27.7.2 Limitation During Non-Price Mitigation Reserve Deficiencies

Notwithstanding any other provision of the ISO Tariff, [effective June 21, 2001](#), the Market Clearing Prices for Regulation Up, Regulation Down, Spinning Reserves, Non-Spinning Reserves, and Replacement Reserves shall not exceed the Non-Emergency Clearing Price Limit in effect at the deadline for submitting bids to that market, as determined in accordance with Section 2.5.23.3.1.2 of this ISO Tariff, during non-Price Mitigation Reserve Deficiencies. Subject to Section 2.5.27.7.4, Scheduling Coordinators for Generating Units, System Units, Loads, and System Resources that submit bids for the supply of these Ancillary Services during non-Price Mitigation Reserve Deficiencies at a price above the Non-Emergency Clearing Price Limit in effect at the deadline for submitting bids to that market shall be paid in accordance with their bids if accepted by the ISO. Such bids shall be subject to cost justification requirements and potential refunds.

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5.6.1 All Generating Units, System Units and System Resources that are owned or controlled by a Participating Generator are (without limitation to the ISO's other rights under this ISO Tariff) subject to control by the ISO during a System Emergency and in circumstances in which the ISO considers that a System Emergency is imminent or threatened. The ISO shall, subject to Section 5.6.2, have the authority to instruct a Participating Generator to bring its Generating Unit on-line, off-line, or increase or curtail the output of the Generating Unit and to alter scheduled deliveries of

Energy and Ancillary Services into or out of the ISO Controlled Grid, if such an instruction is reasonably necessary to prevent an imminent or threatened System Emergency or to retain Operational Control over the ISO Controlled Grid during an actual System Emergency. ~~If a Participating Generator fails to comply with such an instruction, that Participating Generator shall be subject to the assessment of penalties by the ISO pursuant to Section 5.6.3 or other applicable provisions of this ISO Tariff.~~

5.6.2 The ISO shall, where reasonably practicable, utilize Ancillary Services which it has the contractual right to instruct and which are capable of contributing to containing or correcting the actual, imminent or threatened System Emergency prior to issuing instructions to a Participating Generator under Section 5.6.1.

5.6.3 ~~Penalties for Failure to Comply With Emergency Dispatch Instructions~~[Not Used]

~~5.6.3.1 Except as provided in Section 5.6.3.2, a Participating Generator that fails to comply with a Dispatch instruction issued by the ISO to bring its Generating Unit on-line or increase the output of its Generating Unit, System Unit or System Resource, whether or not an Imbalance Energy bid has been submitted for the output of the resource, to prevent an imminent or threatened System Emergency or to maintain Applicable Reliability Criteria during an actual System Emergency shall be subject to the following penalties:~~

- ~~(i) a charge for each MWh of the Dispatch instruction with which the Participating Generator does not comply equal to twice the highest price for Energy, per MWh, paid in each hour by the ISO to any other entity to procure Energy; and~~
- ~~(ii) if the ISO is required to call for the involuntary curtailment of firm Load to maintain Applicable Reliability Criteria during the System Emergency, an additional charge equal to \$1,000 for each MWh of the Dispatch instruction with which the Participating Generator does not comply.~~

~~5.6.3.2~~ A Participating Generator shall not be subject to penalties pursuant to Section 5.6.3.1 if the Participating Generator can demonstrate to the ISO that it failed to comply with such a Dispatch instruction either because: (a) the Generating Unit, System Unit or System Resource that was the subject of the Dispatch instruction was physically incapable of responding in accordance with the instruction, provided that if such Participating Generator has not notified the ISO in advance that the Generating Unit, System Unit or System Resource was unavailable or de-rated, such Generating Unit, System Unit or System Resource will be presumed to be available; or (b) compliance with such Dispatch instruction would have resulted in a violation of an applicable requirement of state or Federal law, which requirement cannot be waived. A Participating Generator must notify ISO operations staff of its reason for failing to comply with the Dispatch instruction within the operating hour that the instruction is issued and must provide information to the ISO that verifies the reason the Participating Generator failed to comply with the Dispatch instruction within 72 hours of the operating hour in which the instruction is issued. Disputes concerning the cause of a Participating Generator's failure to comply with an ISO Dispatch instruction shall be subject to the Dispute Resolution provisions set forth in Section 13 of this ISO Tariff.

~~5.6.3.2.1~~ Notwithstanding the foregoing, no Participating Generator shall be subject to the penalties set forth in Section 5.6.3 of this ISO Tariff for the period June 20, 2001 through September 30, 2002.

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5.11.6 Waiver of Must-Offer Obligation

Must-Offer Generators may seek a waiver of the obligation to offer all available capacity, as set forth in Section 5.11.4 of this ISO Tariff, for one or more of their generating units for periods other than Self-Commitment Periods, which are defined as the hours when Must-Offer Generators submit Energy Schedules or are awarded Ancillary Services bids or self-provision schedules.

Self-Commitment Periods determined from Day-Ahead Schedules shall be extended by the ISO as necessary to accommodate generating unit minimum up and down times such that the scheduled operation is feasible. If a Must-Offer Generator has a Final Schedule in the Day-Ahead Market, such a generator will be deemed to be self-committed for the ensuing 24-hour period and not eligible for a waiver until the next Day-Ahead Market in which it is not Scheduled. All other Must-Offer Generators obligated under the Must-Offer Obligation will be deemed to have requested a waiver, either implicitly or explicitly, of the obligation to offer all available capacity. If conditions permit, and at the ISO's non-discriminatory and sole discretion, the ISO may grant waivers and allow a Must-Offer Generator to remove one or more generating units from service during hours outside Self-Commitment Periods. The ISO shall grant waivers so as to: 1) minimize the start-up and Minimum Load Costs necessary to meet the ISO's forecasted Demand; 2) provide sufficient on-line generating capacity to meet operating reserve requirements; 3) provide for a reasonable assurance of competitive market outcomes; and 4) account for other physical operating constraints, including generating unit minimum up and down times. The hours outside of Self-Commitment Periods for which waivers are not granted shall constitute Waiver Denial Periods. The Waiver Denial Period shall be extended as necessary to accommodate generating unit minimum up and down times. Units shall be on-line in real time during both Self-Commitment and Waiver Denial Periods, or they will be in violation of the must-offer obligation. Exceptions shall be allowed for verified forced outages. The must-offer obligation will remain in effect for a unit's Self-Commitment Period even if the Must-Offer Generator nullifies its Day-Ahead Energy Schedules or buys back its Day-Ahead Schedules for a unit in the Hour-Ahead market. The ISO may revoke waivers as necessary due to outages, changes in Load forecasts, or changes in system conditions. The ISO shall determine which waiver(s) will be revoked, and shall notify the relevant Scheduling Coordinator(s). The ISO shall inform a Must-Offer Generator that its waiver

request has been accepted, denied, or revoked, and shall provide the Must-Offer Generator with the reason(s) for the its decision, which reasons shall be non-discriminatory.

5.11.6.1 Recovery of Minimum Load Costs By Must-Offer Generators

5.11.6.1.1 Eligibility

Units from Must-Offer Generators that incur Minimum Load Costs during Self-Commitment Periods or during hours for which the ISO has granted to them a waiver shall not be eligible to recover such costs for such hours. When a Must-Offer Generator is awarded Ancillary Services in the Hour-Ahead market or has a Final Hour-Ahead Schedule, the Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such hours within a Waiver Denial Period. When, on an hourly basis, a Must-Offer Generator produces a quantity of Energy that varies by more than the greater of: (i) five (5) MWh or (ii) an hourly Energy amount equal to three (3) percent (%) of the unit's maximum operating output, the Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such hours within a Waiver Denial Period. Subject to the foregoing eligibility restrictions set forth in this section, the ~~The~~ ISO shall pay to an otherwise eligible Must-Offer Generator the ~~unrecovered~~ Minimum Load Costs for each hour within a Waiver Denial Period that the generating unit runs at Minimum Load in compliance with the Must-Offer Obligation. ~~for generating units that: 1) do not submit any Energy Schedules or Ancillary Services self-provision Schedules or bids in the Hour-Ahead market for any hours during such Waiver Denial Period, and 2) do not, over an hour, produce a quantity of Energy that: (i) varies by more than the greater of five (5) MWh or (ii) an hourly Energy amount equal to three (3) percent (%) of the unit's maximum operating output during a Waiver Denial Period.~~

5.11.6.1.2 ~~Unrecovered~~ Minimum Load Costs

~~Unrecovered Minimum Load Costs are the portion of the Minimum Load Costs that are not recovered from profits through participation in the ISO markets during the Waiver Denial Period. The profits shall be determined as the positive difference between market revenues and the~~

~~operating costs of the unit for the Waiver Denial Period. Market revenues shall include all settlements for: 1) Uninstructed Imbalance Energy and 2) Instructed Imbalance Energy, including out-of-sequence and out-of-market Energy during the Waiver Denial Period. Market revenues shall include all settlements for: 1) Uninstructed Imbalance Energy and 2) Instructed Imbalance Energy, including out-of-sequence and out-of-market Energy during the Waiver Denial Period. The operating costs shall be calculated as the sum, for each BEEP Interval in the Waiver Denial Period, of: 1) the product of the unit's average heat rate (as determined by the ISO from the data provided in accordance with Section 2.5.23.3.3) at the unit's instructed output averaged over that BEEP Interval and the proxy figure for natural gas costs posted on the ISO Home Page in effect at the time and the unit's instructed output averaged over that BEEP Interval, and 2) the product of the unit's instructed output averaged over that BEEP Interval and \$6.00/MWh. The Minimum Load Costs shall be calculated as the sum, for all eligible hours in the Waiver Denial Period, of: 1) the product of the unit's average heat rate (as determined by the ISO from the data provided in accordance with Section 2.5.23.3.3) at the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and the proxy figure for natural gas costs posted in the ISO Home Page in effect at the time, and the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and 2) the product of the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and \$6/MWh. ~~The Minimum Load Costs shall be offset by the Waiver Denial Period profits and any remaining shortfall shall constitute unrecovered Minimum Load Costs.~~~~

5.11.6.1.3 Invoicing ~~Unrecovered~~ Minimum Load Costs

The ISO shall determine each Scheduling Coordinator's ~~unrecovered~~ Minimum Load Costs and make payments for these costs as part of the ISO's market settlement process. Scheduling Coordinators may submit to the ISO data detailing the hours for which they are eligible to recover

Minimum Load Costs. Scheduling Coordinators who elect to submit data on hours they are eligible to recover Minimum Load Costs must: 1) use the Minimum Load Cost Invoice template posted on the ISO Home Page, and 2) submit the invoice on or before fifteen (15) business days following the last Trading Day in the month in which such costs were incurred, except that Scheduling Coordinators seeking reimbursement for Minimum Load Costs incurred between May 29, 2001, and June 30, 2002 must submit their data to the ISO by August 5, 2002. ~~the day that the ISO posts the Minimum Load Costs Invoice template on the ISO Home Page must submit their data no later than thirty (30) business days after the ISO first posts the template on the ISO Home Page.~~

5.11.6.1.4 Allocation of **Unrecovered** Minimum Load Costs

Unrecovered Minimum Load Costs for each unit's Waiver Denial Period shall be evenly divided over all eligible hours of such Waiver Denial Period. For each such hour, the total **unrecovered** Minimum Load Costs shall be allocated to each Scheduling Coordinator in proportion to the sum of that Scheduling Coordinator's Load Control Area Gross Load and Demand within California outside the ISO Control Area that is served by exports to the sum of the ISO Control Area Gross Load and the projected Demand within California outside the ISO Control Area that is served by exports from the ISO Control Area of all Scheduling Coordinators.

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11.2.12 Creditworthiness Surcharge

Notwithstanding anything to the contrary in the ISO Tariff, and until the FERC issues any order to the contrary, the following payments and charges shall be increased by a surcharge of 10%:

- a) payments for Ancillary Services as determined in accordance with Sections 2.5.27.1 to 2.5.27.4;
- b) charges for Ancillary Services as determined in accordance with Sections 2.5.28.1 to 2.5.28.4; ~~and~~

c) payments for Instructed Imbalance Energy ~~and~~

~~d) payments for Minimum Load Costs.~~

