

Business Requirements Specification

COTP WAPA Settlements

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Revision History

| Date | Version | Description |
|------------|---------|--|
| 10/29/2021 | 1.0 | Creation of Document |
| 11/02/2021 | 1.1 | Updated Background information in Purpose section 1.1. |

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1 Introduction

1.1 Purpose

The purpose of this document is to capture and record a description of what the Users and Business Stakeholders of the project wish to obtain, by providing high level business requirements. This document establishes the basis for the agreement between the initiators and implementers of the project. The information in this document serves as input to determine the scope of projects and all Business Process Modeling and System Requirements Specifications (SRS) efforts.

Business requirements are what must be delivered to provide value for the Users and Business Stakeholders. Systems, software, and processes are the ways (how) to deliver, satisfy, or meet the business requirements (what).

- **Initial BRS:** The Initial BRS will provide sufficient information to determine the scope of the project and will provide the functional business requirements needed to make the Architecture Decision.
- **Final BRS:** Following the Architecture Decision, the remaining non-functional business requirements, such as data, performance, web services, and security can be added to complete the Final BRS.

Background:

On April 30, 2021, the ISO was informed that a new contract (Contract 05-SNR-00869) governing California-Oregon Transmission Project (COTP) loss accounting, was effective as of April 1, 2021. This is a new contract between the Transmission Agency of Northern California (TANC) and Western Area Power Administration – Sierra Nevada Region (WAPA) that governs the financial settlement of losses on the COTP transmission line. This new contract applies to use of PG&E's rights on the COTP transmission line and the capacity made available by TANC in exchange for congestion revenue rights. The ISO is PG&E's designated Scheduling Entity for COTP transactions and the TANC agreement with the CAISO references the same procedures for the treatment of losses. As such, going back to April 1, 2021, WAPA intends to invoice for COTP loss settlements related to the markets use of PG&E's 33 MW and the TANC capacity made available on the COTP.

ISO settlements does have charge codes to pay back losses for specific contracts (CC 6976 and CC 6977). However, the new Contract 05-SNR-00869 will not leverage that mechanism. Instead, TANC on behalf of the COTP participants, including PG&E, negotiated to allow WAPA to charge for financial loss payback. The ISO does not have the ability to process an invoice from WAPA for COTP losses and pay it as compensation for ISO schedules using the PG&E or TANC capacity on the COTP. A new mechanism will need to be built.

The purpose of this project is to develop a mechanism to settle WAPA/TANC Contract 05-SNR-00869, Exhibit 2.

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2 Intellectual Property Ownership

Intellectual Property covers a broad array of information and materials, including written works, computer programs, software, business manuals, processes, symbols, logos, and other work products. Determining ownership of Intellectual Property is very important in preserving the rights of the California ISO, and helps to avoid Intellectual Property infringement issues. In considering the business requirements or service requirements to be performed, the business owner of the project must determine Intellectual Property Ownership.

2.1 Guidelines

Intellectual Property ownership must be considered by all applicable stakeholders before the services are performed. The level of analysis is two-fold:

1. One, the business owner must determine if the Intellectual Property necessary to perform the services is owned by the California ISO or whether it must be obtained from a third party. Once the California ISO has secured the proper Intellectual Property rights to perform the services (i.e., the Intellectual Property is owned by the California ISO or we have licensed it from a third party), the California ISO can undertake the next step.
2. The second step in the analysis is to consider whether new Intellectual Property will be created as a result of the business requirements or service requirements to be performed, and how that Intellectual Property will be owned and protected by the California ISO.

In order to assist the business owner in the analysis previously described, refer to the California Intellectual Property Policy available at:

<http://www.caiso.com/rules/Pages/LegalPoliciesNotices/Default.aspx>, which provides a brief tutorial on what Intellectual Property is and how the California ISO can protect its Intellectual Property. Contact the Legal Department if you have any questions regarding Intellectual Property.

There are no impacts to intellectual property based on the requirements stated in this document.

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2.2 Acronyms and Definitions Table

| Acronym | Definition |
|---------|--|
| COTP | California-Oregon Transmission Project |
| MEEA | Market Efficiency Enhancement Agreement |
| SCID | Scheduling Coordinator ID |
| TANC | Transmission Agency of Northern California |
| WAPA | Western Area Power Administration |

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3 Details of Business Need/Problem

3.1 Description

| Business Opportunity/Problem Statement: | |
|--|---|
| What: | The purpose of this project is to develop a mechanism to settle WAPA Contract 05-SNR-00869. |
| When: | Ongoing Issue, Implementation Independent 2022 (Feb. 2022) |
| Why do we have this opportunity/problem: | The ISO has scheduling rights on the COTP for market transactions due to Existing Contract rights that have been turned over to the ISO by PG&E and TANC. As such, starting April 1, 2021, WAPA, PG&E and TANC amended the Existing Contract from payment in-kind of energy to bill the ISO for financial payment for COTP loss settlements related to PG&E's 33 MW and the monthly rights TANC turns over to the ISO that allow market participants to schedule on the COTP. |
| Who does this opportunity/problem impact: | WAPA, PG&E, TANC, Market Participants, Settlements |

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4 Business Impacts

4.1 Business Practice Manuals (BPM)

| BPM | Description of Impact(s) |
|--|---|
| Settlements and Billing | Yes Update language to reflect updates to charge codes and creation of new bill determinants. |
| BPM Change Management | Not Impacted |
| Candidate CRR Holder Registration | Not Impacted |
| Compliance Monitoring | Not Impacted |
| Congestion Revenue Rights | Not Impacted |
| Credit Management and Market Clearing | Not Impacted |
| Definitions and Acronyms | Not Impacted |
| Demand Response | Not Impacted |
| Direct Telemetry | Not Impacted |
| Distributed Generation for Deliverability | Not Impacted |
| Energy Imbalance Market | Not Impacted |
| Generator Interconnection and Deliverability Allocation Procedures | Not Impacted |
| Generator Interconnection Procedures | Not Impacted |
| Generator Management | Not Impacted |
| Managing Full Network Model | Not Impacted |
| Market Instruments | Not Impacted |
| Market Operations | Not Impacted |
| Metering | Not Impacted |
| Outage Management | Not Impacted |
| Reliability Coordinator Services | Not Impacted |
| Reliability Requirements | Not Impacted |

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| BPM | Description of Impact(s) |
|--|--------------------------|
| Rules of Conduct Administration | Not Impacted |
| Scheduling Coordinator Certification and Termination | Not Impacted |
| Transmission Planning Process | Not Impacted |

4.2 Other

| Impact | Description (optional) |
|-------------------------------------|---|
| Market Simulation | Yes Unstructured Market Simulation |
| Market Participant Impact | Yes Configuration changes for shadow settlement system. |
| User Acceptance Testing (UAT) | Yes See system impacts in section 5. |
| External Training | Yes External Communication through BPM and Settlement User Group. Current COTP customers updated with retroactive losses. |
| Policy Initiative | Not Applicable |
| Development/Vendor | Yes |
| Architectural Framework and Roadmap | Design will follow existing architectural framework and will align with the roadmap. |

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5 Business Requirements

The sections below describe the business processes and the associated business requirements involved in the project. These may represent high-level functional, non-functional, reporting, and/or infrastructure requirements. These business requirements directly relate to the high-level scope items determined for the project.

5.1 Business Process: Manage Resource Adequacy Requirements (MMR LII) – Internal System

5.1.1 Business Requirements

| ID# | Business Feature | Req. Type | Potential Application(s) Impacted |
|---------------|---|-----------|-----------------------------------|
| COTP – BRQ002 | System must identify one WAPA SCID that shall receive the financial loss payback. | Core | Internal System |

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5.2 Business Process: Manage Market Billing and Settlements (MOS LII) - Settlements

5.2.1 Business Requirements

| ID# | Business Feature | Req. Type | Potential Application(s) Impacted |
|---------------|--|-----------|-----------------------------------|
| COTP – BRQ003 | <p>System must have updated configuration modifications for one charge code and one pre-calculation.</p> <p>Note: Will be using existing charge codes. Since WAPA is establishing a specific SCID for loss pay back and does not participate in the market, the SCID is not subject to SCID GMC (4575) charge.</p> <p>Note: The WAPA SCID for this transaction must be solely for the COTP loss payback and may not have any market transactions by this SCID.</p> | Core | Settlements |
| COTP – BRQ004 | <p>System must have the capability to calculate the payback loss amount for entities scheduling on the COTP line.</p> <p>Note: The loss payback amount is the product of the gross intertie schedules in both the import and export direction, COTP loss factor, and COTP loss price.</p> | Core | Settlements |

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| ID# | Business Feature | Req. Type | Potential Application(s) Impacted |
|---------------|--|-----------|-----------------------------------|
| COTP – BRQ005 | System must have the capability to calculate the COTP loss price. Note: The COTP loss price is equal to the greater of 0, Day-Ahead scheduling point tie price at Tracy COTP ISO (TRCYCOTPIISO), and Western MEEA Day-Ahead price (TRCYPGAE). | Core | Settlements |
| COTP – BRQ006 | System shall define new bill determinants for the COTP loss payback calculation. | Core | Settlements |
| COTP – BRQ007 | System shall identify the SCID that will receive the loss payback and receive the loss payback percentage based on Internal System data. | Core | Settlements |