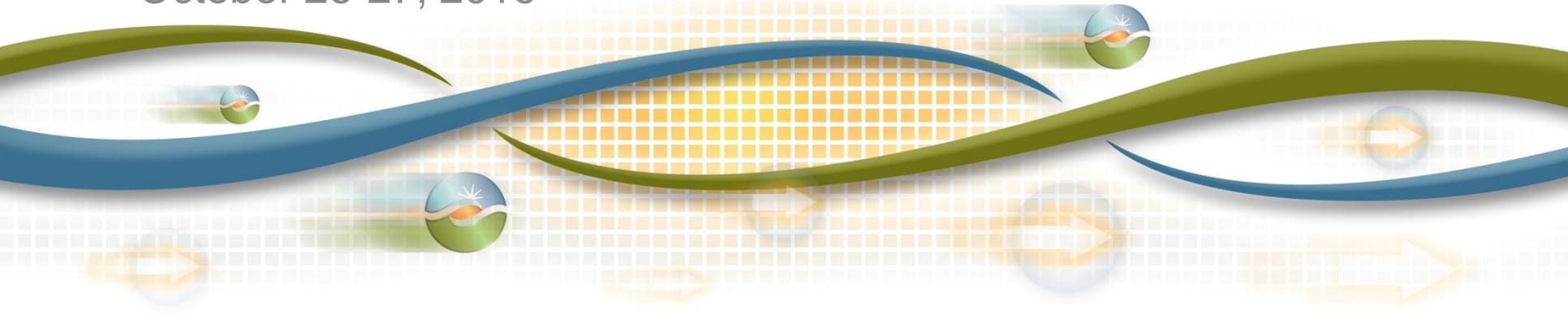




“Load Serving Entity” Definition Refinement Proposal

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Existing definition of “Load Serving Entity” does not capture all applicable market participants

- ISO tariff “Load Serving Entity” definition is used to define rights and obligations of market participants serving end-use load
- Existing definition includes:
 - Retail sellers
 - Federal power marketing authority serving end-users
 - State Water Project
- Existing definition does not include:
 - State/local entities that serve their own load with purchase of wholesale power. e.g. Bay Area Rapid Transit

Management proposes to revise tariff's "Load Serving Entity" definition

- Not including a market participant that serves its own load in the "Load Serving Entity" tariff definition has adverse effects.
 - prevents the market participant from receiving congestion revenue rights to serve its load
 - does not extend resource adequacy requirements to the market participant's load
- Revise tariff's "Load Serving Entity" definition to include market participants serving their own load through the purchase of wholesale electricity

Stakeholders generally support the revised “Load Serving Entity” definition

- Management worked with stakeholders to refine the proposed tariff definition so it works as intended
 - Refined definition to avoid unintentionally including existing transmission contract and transmission ownership right holders
 - Made refinements to exclude electric generators making unregulated retail sales to end-users on adjacent properties

Management recommends the Board approve the proposal to refine the load serving entity definition.

- Proposal will ensure equal treatment under the tariff for participants that have been granted authority pursuant to state, local law, or regulation to serve their own load.