



California ISO
Your Link to Power

California Independent
System Operator Corporation

February 8, 2008

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Compliance Filing
Docket Nos. ER06-615-____, ER07-1257-____
Compliance Filing for MRTU Resource Adequacy Provisions**

Dear Secretary Bose:

The California Independent System Operator Corporation ("CAISO")¹ submits an original and five copies of its filing in compliance with the Federal Energy Regulatory Commission's ("Commission") January 9, 2008, "Order Conditionally Accepting, Subject to Modifications, Resource Adequacy Provisions of MRTU Compliance Filing," 122 FERC ¶ 61,017 (2008) ("January 9 Order"). Two extra copies of this filing, referred to herein as the RA Compliance Filing, are also enclosed. Please stamp these copies with the date and time filed and return them to the messenger.

The instant filing must be considered along with proposed amendments to the CAISO's Market Redesign and Technology Upgrade ("MRTU") Tariff to implement an Interim Capacity Procurement Mechanism ("ICPM"), which are also being filed today with the Commission pursuant to Section 205 of the Federal Power Act. The ICPM is intended to serve as the primary means under MRTU by which the CAISO may procure capacity necessary to backstop resource adequacy procurement deficiencies by Load Serving Entities ("LSEs") as well as other defined reliability needs.

In the January 9 Order, the Commission recognized that certain ICPM-related tariff modifications may supersede or otherwise modify specific MRTU tariff provisions addressed in that order.² The ICPM, for instance, encompasses the means by which the CAISO will engage in capacity procurement in Local Capacity Areas to ensure compliance with the local Reliability Criteria under the conditions

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

² January 9 Order at PP 64 and 129.

accepted in the January 9 Order. Consistent with this expected interdependence, and in order to enhance the organization of the MRTU Tariff, the CAISO has relocated CAISO backstop procurement provisions to new ICPM-related Section 43, while retaining LSE-related obligations and requirements in the resource adequacy provisions of Section 40. The result of this reorganization is twofold. First, to avoid showing the same tariff changes in more than one filing, the CAISO has elected to show in the ICPM filing, rather than this RA Compliance Filing, the relocation from Section 40 to Section 43 of the substance of certain MRTU Tariff provisions accepted in the January 9 Order. Second, specific compliance obligations from the January 9 Order affecting provisions transferred to the ICPM-related sections are also incorporated into the ICPM filing, not the instant filing.

I. BACKGROUND

On August 3, 2007, as supplemented on August 10, 2007, the CAISO submitted a compliance filing containing a broad range of revisions to its MRTU tariff in response to numerous Commission orders (“August Compliance Filing”).³ Included among the tariff revisions were several related to resource adequacy. On October 5, 2007, the CAISO submitted its response to comments and protests to the August Compliance Filing that, in some instances, proposed addition revisions to the MRTU resource adequacy provisions.

On October 16, 2007, the CAISO proposed to incorporate into its currently effective CAISO Tariff specific MRTU resource adequacy provisions (“Early Effectiveness Amendments”). The Early Effectiveness Amendments constituted both language conditionally accepted by the Commission in prior MRTU orders as well as language contained in the CAISO’s August Compliance Filing and its answer to comments and protests on that filing. On December 14, 2007, the Commission conditionally accepted the Early Effectiveness Amendments, subject to the outcome of the August Compliance Filing proceeding.⁴ The Commission thereafter issued the January 9 Order addressing August Compliance Filing.

II. CONTENTS OF FILING

This filing consists of the following:

- This transmittal letter,
- Attachment A – Clean CAISO Tariff Sheets for the RA Compliance Filing, and
- Attachment B – Blacklines for the RA Compliance Filing.

³ E.g., *California Independent System Operator Corporation*, 116 FERC ¶ 61,274 (Sept. 21, 2006); *California Independent System Operator Corporation*, 119 FERC ¶ 61,076 (April 20, 2007); *California Independent System Operator Corporation*, 119 FERC ¶ 61,313 (June 25, 2007).

⁴ *California Independent System Operator Corporation*, 121 FERC ¶ 61,258 (Dec. 14, 2007).

III. COMMUNICATIONS

Communications regarding this filing should be addressed to the following individuals, whose names should be placed on the official service list established by the Secretary with respect to this submittal:

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IV. DESCRIPTION OF MODIFICATIONS

The January 9 Order directed the CAISO to make several modifications to the MRTU resource adequacy provisions of the August Compliance Filing as follows:

1. Revisions Agreed to by the CAISO in Reply Comments on the August Compliance Filing

The CAISO proposed various revisions to the MRTU resource adequacy provisions in its response to comments and protests to the August Compliance Filing. The January 9 Order accepted the suggested revisions, including:

a. Reporting of Backstop Procurement:

The CAISO agreed to modify Section 40.3.4.2 to require that the CAISO post a report within 10 days after the end of each month that: (1) identifies any backstop procurement of capacity that took place within that month and the associated costs; or (2) states that no backstop capacity was necessary for that month.⁵ As noted above, since the CAISO will utilize the ICPM to engage in backstop capacity procurement, provisions relating to reporting of ICPM activity have been removed from Section 40 and relocated to Section 43 regarding the ICPM. In particular, Section 43.5.1 captures the reporting requirements of prior Section 40.3.4.2 as specified by the January 9 Order.

⁵ January 9 Order at P 18.

b. Net Qualifying Capacity Changes:

The CAISO agreed to modify Section 40.4.2 to require notification to affected Scheduling Coordinators of changes in a resource's Net Qualifying Capacity and the provision of supporting analyses within 10 days of the CAISO's determination that such changes are appropriate and at least 15 days prior to the posting of the Net Qualifying Capacity annual report.⁶ The CAISO has revised Section 40.4.2 in a manner consistent with the Commission's directive.

c. Reference to NERC Reliability Standards, Transmission Planning

In Section 40.3.1, which sets forth the technical Reliability Criteria utilized in the CAISO's Local Capacity Technical Study, the CAISO previously referred to "WECC Reliability Criteria, NERC/WECC Planning Standards I.A." The January 9 Order required that the CAISO replace that reference with the more updated title for the applicable transmission planning standards – NERC Reliability Standards TPL—001-0 through TPL-004-0.⁷ This change is reflected in Section 40.3.1.

d. Clarification that CAISO Backstop Procurement May Be Based on Monthly Resource Adequacy Plans

The CAISO agreed to modify the current tariff language identifying CAISO backstop procurement based only on annual Resource Adequacy Plans to include more frequent evaluations of the need for additional capacity based on both monthly Resource Adequacy Plans and intra-monthly use plans.⁸ Again, since the CAISO will utilize the ICPM to engage in backstop capacity procurement, provisions governing the conditions and timing under which the CAISO will trigger ICPM backstop procurement are set forth in Section 43, in the ICPM amendment filing being made today. Sections 43.1.1.2 and 43.1.3 specifically allow the CAISO to engage in backstop procurement for deficiencies in Local Capacity Area Resources and "system" Resource Adequacy Resources based on an assessment of monthly Resource Adequacy Plans. Further, the CAISO has the authority to assess intra-monthly use plans to determine the need for the designation of capacity under Section 43.1.4 for an ICPM Significant Event, which is defined, in pertinent part, as a "substantial event, or combination of events, that ... either result in a material difference from what was assumed in the resource adequacy program ... or produce a material change in system conditions or in CAISO Controlled Grid operations, that causes, or threatens to cause, a failure to meet Reliability Criteria...."

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

e. Elimination of M-438

The CAISO agreed to eliminate operating procedure M-438 (local area reliability capacity commitment) upon implementation of MRTU. M-438 is not explicitly referenced in the MRTU Tariff. However, as noted in the CAISO's reply comments to the August Compliance Filing, the CAISO has acknowledged that M-438 terminates upon MRTU commencement. No change to the CAISO Tariff is needed to comply with this requirement of the January 9 Order.

2. Clarification of the Contents of Sections 40.3.1.1 and 40.3.1.2

In the January 9 Order, the Commission found that the CAISO must explain the contents of the table in Section 40.3.1.2. However, the Commission further found that the "CAISO's proposed amendment, contained in its answer [on the August Compliance Filing] would meet this need" and accordingly directed the CAISO to incorporate the amendment in revised tariff sheets in a compliance filing.⁹ The CAISO has done so. It should be noted that in Section 40.3.1.1(1) and (2), the current modifications correct its August Compliance Filing reply to capitalize the defined terms "Contingency" and "Operator."

3. Transfer of Section 40.3.4

The January 9 Order accepted Section 40.3.4, thereby allowing the CAISO to engage in backstop procurement activities: "(1) when an LSE fails to meet its obligation; and (2) when the applicable reliability criteria cannot be met despite the fact that each LSE has sufficiently procured the minimum amount of local capacity area resources."¹⁰ In doing so, the Commission noted that "implementation of section 40.3.4 is contingent upon acceptance of the cost allocation provisions of the backstop capacity procurement program, (also known as ICPM), which is to be filed in January 2008" and that the acceptance of Section 40.3.4 is "without prejudice" to the CAISO filing further modifications to coincide with its backstop procurement program.¹¹

The CAISO has deleted Section 40.3.4 in its entirety in the ICPM filing. The CAISO has preserved the scope of the CAISO's ability to engage in backstop local capacity procurement as accepted in Section 40.3.4 by the January 9 Order. That authority is now set forth in Sections 43.1.1 and 43.1.2. The CAISO made this change to provide for better organization of the MRTU Tariff by locating the primary provisions governing the CAISO's authority to engage in backstop procurement in those sections governing the ICPM.

⁹ January 9 Order at P 49.

¹⁰ *Id.* at P 64.

¹¹ *Id.* at P 60 and 64.

4. Submission of Supply Plans

In response to concerns raised by the State Water Project to the August Compliance Filing, the CAISO clarified in its reply comments the measures it will use to validate the accuracy of Supply Plans and how, in such circumstances, it will defer to the Local Regulatory Authority. The January 9 Order concluded that the CAISO's response adequately addressed the State Water Project's concerns, but directed the CAISO to modify Section 40.4.7 to include the description of its proposed actions.¹²

The CAISO has reorganized Section 40.4.7 to accommodate the Commission's directive. Specifically, the CAISO has divided Section 40.4.7 into three subsections to address, respectively, the schedule for submission of Supply Plans, the form of the Supply Plan, and the steps for validating Supply Plans. In this latter subsection, consistent with the January 9 Order, the CAISO has indicated that it may compare a Resource Adequacy Resource's Resource Adequacy Capacity against the Resource Adequacy Resource's Net Qualifying Capacity, if applicable, and 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 LSE 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. This circumstance will be considered a mismatch under Section 40.7 that provides for the timing associated with curing disputes and deficiencies. Moreover, 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 LSE that included the Resource Adequacy Resource on its Resource Adequacy Plan, the CAISO will apply a pro rata reduction based on the Supply Plan. In addition, all other errors or inaccuracies identified by the CAISO in a Supply Plan shall be treated as a mismatch under Section 40.7 and therefore provides significant procedural safeguards for Scheduling Coordinators.

5. Report of Local Capacity Procurement

In the January 9 Order, the Commission accepted the CAISO's commitment to report the quantity, duration and cost of any backstop procurement of resources to meet local capacity needs within 10 days after the end of the month.¹³ The resource adequacy backstop procurement reporting provisions were previously found in Section 40.3.4.2. As noted above, in the ICPM amendment filing being made today, this section has been deleted and the substance incorporated into the ICPM at Section 43.5.3. Section 43.5.3 is consistent with the directives of the January 9 Order.

¹² *Id.* at P 69.

¹³ *Id.* at P 78.


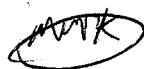
V. EFFECTIVE DATE

As the Commission is aware, the CAISO will not be implementing MRTU on March 31, 2008, the proposed effective date included in the CAISO's Fourth Replacement Electric Tariff filed on December 21, 2007 in Docket No. ER08-367. As discussed in the monthly MRTU status reports filed in ER06-615, the CAISO will not be able to announce a new proposed effective date until the CAISO resumes its market simulation activities and is confident that the MRTU software is operating successfully. Accordingly, the CAISO is filing clean tariff sheets without indicating a proposed effective date and, therefore, requests waiver of Order No. 614 and applicable provision of Section 35.9 of the Commission's regulations. Although the Commission is not compelled to take action within any prescribed timeframe, the CAISO requests the Commission issue an order in this docket within the 60-days or as soon thereafter as possible. A timely order will allow for a more orderly transition to MRTU for the CAISO and its Market Participants.

VI. CONCLUSION

For the reasons set forth above, the CAISO respectfully requests that the Commission accept the CAISO Tariff provisions as revised in compliance with the Commission's January 9 Order.

Respectfully submitted,

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ATTACHMENT A

Attachment A – Clean Sheets
Resource Adequacy Compliance Filing
Docket No. ER06-615
4th Replacement CAISO Tariff (MRTU)
February 8, 2008

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. 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 TPL-001-0, TPL-002-0, TPL-003-0, and TPL-004-0, as augmented by CAISO Reliability Criteria in accordance with the Transmission Control Agreement and Section 24.2.1. 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 less than thirty (30) minutes.
- (2) No voltage collapse or dynamic instability shall be allowed for a Contingency in Category D – extreme event (any B1-4 system readjusted (Common Mode) L-2), as listed in Section 40.3.1.2.

40.3.1.2 Local Capacity Technical Study Contingencies.

The Local Capacity Technical Study shall assess the following Contingencies:

Contingency Component(s)
NERC/WECC Performance Level A – No Contingencies
<u>NERC/WECC Performance Level B – Loss of a single element</u>
1. Generator (G-1) 2. Transmission Circuit (L-1) 3. Transformer (T-1) 4. Single Pole (dc) Line 5. G-1 system readjusted L-1
<u>NERC/WECC Performance Level C – Loss of two or more elements</u>
3. L-1 system readjusted G-1 3. G-1 system readjusted T-1 or T-1 system readjusted G-1 3. L-1 system readjusted T-1 or T-1 system readjusted L-1 3. G-1 system readjusted G-1 3. L-1 system readjusted L-1 4. Bipolar (dc) Line 5. Two circuits (Common Mode) L-2 9. SLG fault (stuck breaker or protection failure) for Bus section WECC-S3. Two generators (Common Mode) G-2
<u>D – Extreme event – loss of two or more elements</u>
Any B1-4 system readjusted (Common Mode) L-2 All other extreme combinations D1-14.

[NOT USED]

40.4.1 Designation of Eligible Resources and Determination of Qualifying Capacity.

The CAISO shall use the criteria provided by the CPUC or Local Regulatory Authority to determine and verify, if necessary, the Qualifying Capacity of all Resource Adequacy Resources; however, to the extent a resource is listed by one or more Scheduling Coordinators in their Resource Adequacy Plans, which apply the criteria of more than one Local Regulatory Authority that leads to conflicting Qualifying Capacity values for that resource, the CAISO will accept the methodology that results in the highest Qualifying Capacity value. Only if the CPUC, Local Regulatory Authority, or federal agency has not established any Qualifying Capacity criteria, or chooses to rely on the criteria in this CAISO Tariff, will the provisions of Section 40.8 apply.

40.4.2 Net Qualifying Capacity Report.

The CAISO shall produce an annual report posted to the CAISO Website on the schedule set forth in the Business Practice Manual that sets forth the Net Qualifying Capacity of all Participating Generators. All other Resource Adequacy Resources may be included in the annual report under Section 40.4.2 upon their request. The Net Qualifying Capacity of any resource included in the annual report, once posted to the CAISO Website, shall not be reduced by the CAISO for the next Resource Adequacy Compliance Year. Any change proposed to be made to a Net Qualifying Capacity value for a resource included in a prior annual report shall be explained, and any test results or analyses underlying the change provided, to the Scheduling Coordinator within ten (10) days of the CAISO's determination that a change to the resource's Net Qualifying Capacity is appropriate, which also must be at least fifteen (15) days prior to the posting on the CAISO Website of the annual report. Any disputes as to the CAISO's determination regarding Net Qualifying Capacity shall be subject to the CAISO ADR Procedures.

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.

40.4.7 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, on the schedule set forth in the Business Practice Manual verifying their agreement to provide Resource Adequacy Capacity during the next Resource Adequacy Compliance Year or relevant month, as applicable.

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 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 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) 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.

40.5 Requirements Applicable to Modified Reserve Sharing LSEs Only.

40.5.1 Day Ahead Scheduling and Bidding Requirements.

- (1) Scheduling Coordinators on behalf of Modified Reserve Sharing LSEs serving Load within the CAISO Balancing Authority Area for whom they submit Demand Bids shall submit into the IFM a Self-Schedule or Bid equal to 115% of the hourly Demand Forecasts for each Modified Reserve Sharing LSE it represents for each Trading Hour for the next Trading Day. Subject to Section 40.5.5, the resources included in a Self-Schedule or a Bid in each Trading Hour to satisfy 115% of the Modified Reserve Sharing LSE's hourly Demand Forecasts will be deemed Resource Adequacy Resources and (a) shall be those resources listed in the Modified Reserve Sharing LSE's monthly Resource Adequacy Plan and (b) shall include all Local Capacity Area Resources listed in the Modified Reserve Sharing LSE's annual Resource Adequacy Plan, if any, except to the extent the Local Capacity Area Resources, if any, are unavailable due to any

ATTACHMENT B

Attachment B – Blacklines
Resource Adequacy Compliance Filing
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4th Replacement CAISO Tariff (MRTU)
February 8, 2008

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. 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 for in NERC Reliability Standards TPL-001-0, TPL-002-0, TPL-003-0, and TPL-004-0, as augmented by CAISO Reliability Criteria ~~the version of the WECC Reliability Criteria, NERC/WECC Planning Standard I.A, in effect as of the date that the Local Capacity Technical Study is commenced to the extent such application will not result in a violation of Reliability Criteria adopted by the CAISO in accordance with Section 5.1.5 of the Transmission Control Agreement, and Section 24.2.1. 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 less than thirty (30) minutes.
- (2) No voltage collapse or dynamic instability shall be allowed for a Contingency in Category D – extreme event (any B1-4 system readjusted (Common Mode) L-2), as listed in Section 40.3.1.2.

40.3.1.2 Local Capacity Technical Study Contingencies.

The Local Capacity Technical Study shall assess the following Contingencies:

Contingency Component(s)	Reference Notes
NERC/WECC Performance Level A – No Contingencies	
<u>NERC/WECC Performance Level B – Loss of a single element</u>	
1. Generator (G-1)	4
2. Transmission Circuit (L-1)	4
3. Transformer (T-1)	4,2

4. Single Pole (dc) Line	4
5. G-1 system readjusted L-1	
<u>NERC/WECC Performance Level C – Loss of two or more elements</u>	
3. L-1 system readjusted G-1	
3. G-1 system readjusted T-1 or T-1 system readjusted G-1	
3. L-1 system readjusted T-1 or T-1 system readjusted L-1	
3. G-1 system readjusted G-1	
3. L-1 system readjusted L-1	
4. Bipolar (dc) Line	
5. Two circuits (Common Mode) L-2	
9. SLG fault (stuck breaker or protection failure) for Bus section WECC-S3. Two generators (Common Mode) G-2	
<u>D – Extreme event – loss of two or more elements</u>	
Any B1-4 system readjusted (Common Mode) L-2	3
All other extreme combinations D1-14.	

<p>NOTES</p> <p>1-System must be able to readjust to a safe operating zone in order to be able to support the loss of the next system element that would constitute a Contingency. Manual readjustment is the time required for an operator to take all actions necessary to prepare the system for the next Contingency. Under CAISO Grid Planning Standards, this time must be less than 30 minutes. However, if remote capability does not exist and a person must be dispatched in the field to perform switching, an exemption may be approved for small Local Capacity Areas as described in approved operating procedures and the approved operating procedure will be assumed in the performance of the studies under this Section.</p> <p>The involuntary interruption of Load shall not constitute an action for readjustment after a Category B event.</p> <p>2-A thermal or voltage criterion violation resulting from a transformer Outage may not be cause for a Local Capacity Area reliability requirement if the violation is considered marginal (e.g., acceptable loss of facility life or low voltage), otherwise, such a violation will necessitate creation of a requirement.</p> <p>3-Evaluate for risks and consequence, per NERC/WECC standards. No voltage collapse or dynamic instability allowed.</p>	
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40.4.2 Net Qualifying Capacity Report.

The CAISO shall produce an annual report posted to the CAISO Website on the schedule set forth in the Business Practice Manual that sets forth the Net Qualifying Capacity of all Participating Generators. All other Resource Adequacy Resources may be included in the annual report under Section 40.4.2 upon their request. The Net Qualifying Capacity of any resource included in the annual report, once posted to the CAISO Website, shall not be reduced by the CAISO for the next Resource Adequacy Compliance Year. Any change proposed to be made to a Net Qualifying Capacity value for a resource included in a prior annual report shall be explained, and any test results or analyses underlying the change provided, to the Scheduling Coordinator within ten (10) days of the CAISO's determination that a change to the resource's Net Qualifying Capacity is appropriate, which also must be upon request at least fifteen (15) days prior to the posting on the CAISO Website of the annual report. Any disputes as to the CAISO's determination regarding Net Qualifying Capacity shall be subject to the CAISO ADR Procedures.

* * *

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, on the schedule set forth in the Business Practice Manual verifying their agreement to provide Resource Adequacy Capacity during the next Resource Adequacy Compliance Year or relevant month, as applicable.

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 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 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) 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.

* * *

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties on the official service lists compiled by the Secretary in the above-captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 8th day of February 2008.



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