



**California ISO**  
Your Link to Power

California Independent  
System Operator Corporation

January 15, 2008

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

**Re: Compliance Filing - Early Effectiveness of Resource Adequacy Provisions  
California Independent System Operator Corporation  
Docket No. ER08-64-\_\_\_\_\_**

Dear Secretary Bose:

The California Independent System Operator Corporation ("CAISO")<sup>1</sup> submits an original and five copies of its filing in compliance with the Federal Energy Regulatory Commission's ("Commission") December 14, 2007, "Order Conditionally Accepting and Suspending, Subject to Modifications, Tariff Revisions and Directing Compliance Filing," 121 FERC ¶ 61,258 (2007) ("December 14 Order"). Two extra copies of this filing are also enclosed. Please stamp these copies with the date and time filed and return them to the messenger.

Filed concurrently with the instant compliance filing is the CAISO's Motion for Leave to File One Day Out of Time pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, C.F.R. § 385.213 (2006).<sup>2</sup>

## **I. BACKGROUND**

On October 16, 2007, the CAISO proposed to incorporate into its currently effective CAISO Tariff resource adequacy provisions related to its Market Redesign and Technology Upgrade ("MRTU") project ("Early Effectiveness Amendments"). The Early Effectiveness Amendments are intended to permit the CAISO to perform specific MRTU resource adequacy-related tasks that must be

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

<sup>2</sup> The CAISO inadvertently calendared this matter for January 15, 2008, rather than January 14, 2008 in accordance with the December 14 Order and the Commission's Rules of Practice and Procedure.

accomplished in advance of the MRTU "go live" date. As noted by the CAISO in its October 16, 2007 filing, 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 3, 2007 MRTU compliance filing and answer to comments and protests on that filing. At the time the Early Effectiveness Amendments were filed, the Commission had not yet acted on the CAISO's August 3, 2007 MRTU compliance filing.

The December 14 Order conditionally accepted the Early Effectiveness Amendments. Such acceptance was subject to both specific compliance requirements set forth in the December 14 Order and the outcome of the August 3, 2007 MRTU compliance filing proceeding.<sup>3</sup> On January 9, 2008, the Commission issued its order addressing the resource adequacy related provisions of the August 3, 2007 MRTU compliance filing ("January 9 Order").<sup>4</sup>

The December 14 Order required the CAISO to submit a compliance filing within 30 days to incorporate specific modifications, which are discussed below. The January 9 Order also directed the CAISO to submit a compliance filing to incorporate specific modifications to the MRTU Tariff within 30 days. However, since the outcome of the Early Effectiveness Amendments was also subject to the applicable directives included in the January 9 Order, the instant compliance filing to the currently effective CAISO Tariff also incorporates modifications required by the January 9 Order.

## II. CONTENTS OF FILING

This filing consists of the following:

- This transmittal letter,
- Attachment A – Clean ISO Tariff Sheets for the Early Effectiveness of Resource Adequacy Provisions Amendments Compliance Filing, and
- Attachment B – Blacklines for the Early Effectiveness of Resource Adequacy Provisions Amendments Compliance Filing.

## 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:

<sup>3</sup> December 14 Order at P 18.

<sup>4</sup> *California Independent System Operator Corporation*, 122 FERC ¶ 61,017 (Jan. 9, 2008).

Sidney M. Davies  
Assistant General Counsel  
Grant Rosenblum  
Senior Counsel  
The California Independent  
System Operator Corporation  
151 Blue Ravine Road  
Folsom, CA 95630  
Tel: (916) 351-4400  
Fax: (916) 608-7296  
E-mail: sdavies@caiso.com  
grosenblum@caiso.com

Sean Atkins  
Alston & Bird  
The Atlantic Building  
950 F Street, N.W.  
Washington, D.C., 20004  
Tel: (202) 756-3300  
sean.atkins@alston.com

#### **IV. DESCRIPTION OF MODIFICATIONS**

The December 14 Order directed the CAISO to make several modifications to the Early Effectiveness Amendments. In addition, the January 9 Order also required modification to Section 40.4.7, which was included in the Early Effectiveness Amendments. In order to maintain consistency between the Early Effectiveness Amendments and the MRTU Tariff, as contemplated by the December 14 Order and January 9 Order, the CAISO has also included modifications to Section 40.4.7 in accordance with the January 9 Order.

##### **1. Information Gathering Activities – Duplicative Filing Requirements**

In response to comments submitted by Southern California Edison Company, the CAISO agreed to strike the requirement for CPUC-jurisdictional load serving entities (“LSEs”) to submit programmatic resource adequacy information within a time specified in Section 40.2.1.1. The Commission agreed that including a specific deadline in Section 40.2.1.1 would be inconsistent with other existing provisions of that section that defer to schedules established by the CPUC. Accordingly, the CAISO has deleted the language originally proposed for Section 40.2.1.1 in the Early Effectiveness Amendments.

The December 14 Order also supported the CAISO’s proposed language included in its answer to prevent duplicative programmatic information filings for non-CPUC jurisdictional LSEs. In accordance with this requirement, the CAISO has modified Sections 40.2.2.1, 40.2.2.2, 40.2.2.3, 40.2.3.1 and 40.2.3.2.

The December 14 Order accepted the CAISO’s proposal in its answer to revise Section 40.4.7 to allow Scheduling Coordinators, whose annual Supply Plan has not changed, to meet their filing obligation by so certifying. Language reflecting the CAISO’s accepted proposal has been included in the instant filing.

## **2. Correct Omitted Section Cross-References – Section 40.7**

In response to a recommendation by the California Department of Water Resources State Water Project and adopted by the Commission in the December 14 Order, the CAISO is altering the language in Section 40.7 to clarify that the opportunity to cure certain resource adequacy deficiencies applies to both Modified Reserve Sharing LSEs and Reserve Sharing LSEs. As noted by the CAISO in its answer, the CAISO inadvertently omitted references to Sections 40.2.2.4 and 40.2.4 in Section 40.7, which refer to Reserve Sharing LSEs obligations. The CAISO has added these references to Section 40.7 on compliance to provide comparable treatment in the opportunity to cure resource adequacy deficiencies.

## **3. Correct Superseded Tariff Reference – Section 40.3.1.1**

Section 40.3.1.1, as filed in the Early Effectiveness Amendments, references Section 24.1.2 of the CAISO Tariff as the authority for the CAISO to adopt Reliability Criteria to augment NERC/WECC standards in conducting the Local Capacity Technical Study. Since the CAISO submitted the Early Effectiveness Amendments, it has also filed tariff revisions, including Section 24.1.2, relating to the CAISO's transmission planning process in compliance with the Commission's Order No. 890.<sup>5</sup> The CAISO's Order No. 890 filing transferred the authority included in Section 24.1.2 to new Section 24.2.1. Consequently, the CAISO has modified Section 40.3.1.1 to refer to Section 24.2.1, the new correct section citation.

## **4. January 9 Order Modification – Section 40.4.7**

The January 9 Order directed the CAISO to reflect in the MRTU Tariff the measures the CAISO will use to validate the accuracy of Supply Plans and how, in such circumstances, the CAISO will defer to Local Regulatory Authorities ("LRAs"). In doing so, the Commission noted that the CAISO's answer in the August 3, 2007 MRTU compliance filing proceeding satisfactorily addressed the issue by verifying that CAISO will contact the Scheduling Coordinators to confirm the accuracy of the Supply Plan and that it will defer to the LRAs for determining Qualifying Capacity.<sup>6</sup>

Although the January 9 Order directed incorporation of the required clarifying language into the MRTU Tariff, the CAISO has also included conforming changes to Section 40.4.7 of Appendix CC to the currently effective CAISO Tariff. The CAISO believes this complies with the December 14 Order's conditional acceptance of the Early Effectiveness Amendments subject to the

<sup>5</sup> *California Independent System Operator Corporation*, FERC Docket No. OA08-62-000 (Dec. 21, 2007).

<sup>6</sup> January 9 Order at P 69.

outcome of the August 3, 2007 MRTU compliance filing proceeding. Also, the CAISO has interpreted the January 9 Order as approving the CAISO's representation in its answer in the August 3, 2007 MRTU compliance proceeding regarding the measures it intended to take to validate Supply Plans.

Consistent with the CAISO's answer in the August 3, 2007 MRTU compliance proceeding, the CAISO has specified in Section 40.4.7 that the CAISO will compare the Resource Adequacy Resource's Resource Adequacy Capacity against the Resource Adequacy Resource's Net Qualifying Capacity, and if the Supply Plan reflects Resource Adequacy Capacity greater than the applicable Net Qualifying Capacity, the CAISO will notify the Scheduling Coordinators for the Resource Adequacy Resource and the reporting LSE(s) of the reduction in Resource Adequacy Capacity to conform with the proper Net Capacity value. This will be treated as a "mismatch" under Section 40.7, which prescribes the timing and procedures for curing a reported deficiency. However, in order to ensure that there is an equitable allocation of the reduction in Resource Adequacy Capacity among multiple LSEs that may have included the same Resource Adequacy Resource on their Resource Adequacy Plans, the CAISO has specified that if the parties do not report to the CAISO the desired distribution of the reduced capacity, the CAISO will allocate the reduction in Resource Adequacy Capacity among the LSEs on a pro rata reduction based on the original Supply Plan.

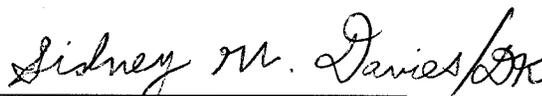
The modifications clarify two additional points. First, disputes regarding Net Qualifying Capacity will be subject to Section 40.5.2 of the CAISO Tariff. Section 40.5.2 expressly states that Net Qualifying Capacity relies on Qualifying Capacity formulas provided by the CPUC or LRAs, as appropriate, and thereby reinforces the CAISO's obligation to defer to the LRA. Second, the modifications noted that Section 40.4.7 is not intended to affect a Resource Adequacy Resource's Net Qualifying Capacity.

Finally, Section 40.4.7 specifies that other inaccuracies identified by the CAISO in a Supply Plan will be treated as a mismatch under Section 40.7. This follows from the fact that an error in the Supply Plan that prevents validation will virtually always result in misalignment with the LSE reporting the Resource Adequacy Capacity. Where a mismatch occurs, the CAISO is required to contact that applicable Scheduling Coordinators and Section 40.7 provides for procedures for the impacted Scheduling Coordinators to cure the deficiency.

**V. 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 December 14 Order and January 9 Order with an effective date of December 17, 2007.

Respectfully submitted,

Handwritten signature of Sidney M. Davies in cursive script, with a horizontal line underneath the signature.

Sidney M. Davies  
Assistant General Counsel  
Grant Rosenblum  
Senior Counsel  
The California Independent  
System Operator Corporation  
151 Blue Ravine Road  
Folsom, CA 95630  
Tel: (916) 351-4400  
Fax: (916) 608-7296

Sean Atkins  
Alston & Bird, LLP  
950 F Street, N.W.  
Washington, D.C. 20004  
Tel: (202) 756-3300

**Attachment A – Clean Sheets of Currently Effective ISO Tariff  
Early Effectiveness of Resource Adequacy Requirements Compliance Filing  
January 15, 2008**

**40.2 Information Requirements Regarding Resource Adequacy Programs.**

**40.2.1. Reserve Sharing LSEs.**

**40.2.1.1 Requirements for CPUC Load Serving Entities Electing Reserve Sharing LSE Status.**

The information required by Section 40.2.1.1 of this appendix shall be provided to the CAISO as follows:

- (a) The Scheduling Coordinator for a CPUC Load Serving Entity electing Reserve Sharing LSE status must provide the CAISO with all information or data to be provided to the CAISO as required by the CPUC and pursuant to the schedule adopted by the CPUC.
- (b) Where the information or data provided to the CAISO under Section 40.2.1.1(a) of this appendix does not include Reserve Margin(s), then the provisions of Section 40.2.2.1(b) of this appendix shall apply.
- (c) Where the information or data provided to the CAISO under Section 40.2.1.1(a) of this appendix does not include criteria for determining qualifying resource types and their Qualifying Capacity, then the provisions of Section 40.8 of this appendix shall apply.
- (d) Where the information or data provided to the CAISO under Section 40.2.1.1(a) of this appendix does not include annual and monthly Demand Forecast requirements, then the provisions of Section 40.2.2.3 of this appendix shall apply.
- (e) Where the information or data provided to the CAISO under Section 40.2.1.1(a) of this appendix does not include annual and monthly Resource Adequacy Plan requirements, then Section 40.2.2.4 of this appendix shall apply.

**40.2.2 Requirements for Non-CPUC Load Serving Entities Electing Reserve Sharing LSE Status, Including Default Provisions for CPUC Load Serving Entities.**

**40.2.2.1 Reserve Margin.**

The information required by Section 40.2.2.1 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

- (a) The Scheduling Coordinator for a Non-CPUC Load Serving Entity electing Reserve Sharing LSE status must provide the CAISO with the Reserve Margin(s) adopted by the appropriate Local Regulatory Authority or federal agency for use in the annual Resource Adequacy Plan and monthly Resource Adequacy Plans listed as a percentage of the Demand Forecasts developed in accordance with Section 40.2.2.3 of this appendix.
- (b) For the Scheduling Coordinator for a Non-CPUC Load Serving Entity for which the appropriate Local Regulatory Authority or federal agency has not established a Reserve Margin(s) or a CPUC Load Serving Entity subject to Section 40.2.1.1(b) of this appendix that has elected Reserve Sharing LSE status, the Reserve Margin for each month shall be no less than 15% of the LSE's peak hourly Demand for the applicable month, as determined by the Demand Forecasts developed in accordance with Section 40.2.2.3 of this appendix.

**40.2.2.2 Qualifying Capacity Criteria.**

The information required by Section 40.2.2.2 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

The Scheduling Coordinator for a Non-CPUC Load Serving Entity electing Reserve Sharing LSE status must provide the CAISO with a description of the criteria adopted by the Local Regulatory Authority or federal agency for determining qualifying resource types and the Qualifying Capacity from such resources and any modifications thereto as they are implemented from time to time. The Reserve Sharing LSE may elect to utilize the criteria set forth in Section 40.8 of this appendix.

**40.2.2.3 Demand Forecasts.**

The information required by Section 40.2.2.3 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

The Scheduling Coordinator for a Non-CPUC Load Serving Entity or CPUC Load Serving Entity subject to Section 40.2.1.1(b) of this appendix electing Reserve Sharing LSE status must provide annual and monthly Demand Forecasts as part of the annual and monthly Resource Adequacy Plans under this appendix. The annual and monthly Demand Forecasts shall utilize the annual and monthly coincident peak Demand determinations provided by the California Energy Commission for such Load Serving Entity, which will be calculated from the Demand Forecast information submitted to the California Energy Commission by each Reserve Sharing LSE; or (ii) if the California Energy Commission does not produce coincident peak Demand Forecasts for the Load Serving Entity, the annual and monthly coincident peak Demand Forecasts produced by the CAISO for such Load Serving Entity in accordance with its Business Practice Manual. Scheduling Coordinators must provide data and information, as may be requested by the CAISO, necessary to develop or support the Demand Forecasts required by this Section.

**40.2.3 Modified Reserve Sharing LSEs.**

**40.2.3.1 Reserve Margin.**

The information required by Section 40.2.3.1 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

- (a) The Scheduling Coordinator for a Load Serving Entity electing Modified Reserve Sharing LSE status must provide the CAISO with the Reserve Margin(s) adopted by the CPUC, Local Regulatory Authority, or federal agency, as appropriate, for use in the annual Resource Adequacy Plan and monthly Resource Adequacy Plans listed as a percentage of the Demand Forecasts developed in accordance with Section 40.2.3.3 of this appendix.
- (b) For the Scheduling Coordinator for a Load Serving Entity electing Modified Reserve Sharing LSE status for which the CPUC, Local Regulatory Authority, or federal agency, as appropriate, has not established a Reserve Margin, the Reserve Margin shall be no less than fifteen percent (15%) of the applicable month's peak hour Demand of the Load Serving Entity, as determined by the Demand Forecasts developed in accordance with Section 40.2.3.3 of this appendix.

**40.2.3.2 Qualifying Capacity.**

The information required by Section 40.2.3.2 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

The Scheduling Coordinator for a Load Serving Entity electing Modified Reserve Sharing LSE status must provide the CAISO with a description of the criteria for determining qualifying resource types and the Qualifying Capacity from such resources and any modifications thereto as they are implemented from time to time. The Modified Reserve Sharing LSE may elect to utilize the criteria set forth in Section 40.8 of this appendix.

**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 of this appendix. 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 of Appendix EE. 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 30 minutes.
- (2) No voltage collapse or dynamic instability shall be allowed for the Category D 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:

<b>Contingency Component(s)</b>
<b>NERC/WECC Performance Level A – No Contingencies</b>
<b><u>NERC/WECC Performance Level B – Loss of a single element</u></b>
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
<b><u>NERC/WECC Performance Level C – Loss of two or more elements</u></b>
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
<b><u>D – Extreme event – loss of two or more elements</u></b>
Any B1-4 system readjusted (Common Mode) L-2 All other extreme combinations D1-14.

**40.4.7 Submission of Supply Plans.**

(a) Scheduling Coordinators representing Resource Adequacy Resources supplying Resource Adequacy Capacity shall provide the CAISO with annual and monthly Supply Plans verifying their agreement to provide Resource Adequacy Capacity during the 2008 Resource Adequacy Compliance Year or relevant month, as applicable. For 2008 Resource Adequacy Compliance Year, an annual Supply Plan or certification that a previously submitted annual Supply Plan for 2008 Resource Adequacy Compliance Year has not changed shall be submitted to the CAISO on January 31, 2008 in the form set forth on the CAISO Website, and the initial monthly Supply Plan shall be submitted to the CAISO on the first Business Day after 30 calendar days from the date the CAISO files its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006). Thereafter, Supply Plans shall be submitted to the CAISO by the last Business Day of the second month prior to the compliance month. Prior to the requirement to submit Supply Plans to the CAISO in accordance with Section 40.4.7 of this appendix, monthly Supply Plans must be submitted in accordance with Section 40.6 of the ISO Tariff.

(b) 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.

(c) The CAISO shall be entitled to take reasonable measures to validate the accuracy of the information submitted in Supply Plans under this Section of the appendix, including;

(1) Comparing 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 on 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 of this appendix. 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.

- (a) Disputes regarding the CAISO's determination of Net Qualifying Capacity shall be subject to Section 40.5.2 of the CAISO Tariff.
  - (b) 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 of the CAISO Tariff.
- (2) Other errors or inaccuracies identified by the CAISO in a Supply Plan shall be treated as a mismatch under Section 40.7 of this appendix.

Authority, or federal agency, as applicable, the CAISO will notify the relevant Scheduling Coordinator, CPUC, Local Regulatory Authority, or federal agency with jurisdiction over the relevant Load Serving Entity, or in the case of a mismatch between Resource Adequacy Plan(s) and Supply Plan(s), the relevant Scheduling Coordinators, in an attempt to resolve any deficiency. The notification will include the reasons the CAISO believes a deficiency exists. If the deficiency relates to the demonstration of Local Capacity Area Resources in a Load Serving Entity's annual Resource Adequacy Plan, and the CAISO does not provide a written notice of resolution of the deficiency, the Scheduling Coordinator for the Load Serving Entity may demonstrate that the identified deficiency is cured by submitting a revised annual Resource Adequacy Plan within sixty (60) days after the annual Resource Adequacy Plan is due under Sections 40.2.3.4, 40.2.2.4 and 40.2.4 of this appendix. For all other identified deficiencies, at least ten (10) days prior the effective month of the relevant Resource Adequacy Plan, the Scheduling Coordinator for the Load Serving Entity shall (i) demonstrate that the identified deficiency is cured by submitting a revised Resource Adequacy Plan or (ii) advise the CAISO that the CPUC, Local Regulatory Authority, or federal agency, as appropriate, has determined that no deficiency exists. In the case of a mismatch between Resource Adequacy Plan(s) and Supply Plan(s), if resolved, the relevant Scheduling Coordinator(s) must provide the CAISO with revised Resource Adequacy Plan(s) or Supply Plans, as applicable, at least ten (10) days prior to the effective month. If the CAISO is not advised that the deficiency or mismatch is resolved at least ten (10) days prior to the effective month, the CAISO will use the information contained in the Supply Plan to set the obligations of Resource Adequacy Resources under Section 40 of this appendix.

**Attachment B – Blackline Sheets of the Currently Effective ISO Tariff**  
**Early Effectiveness of Resource Adequacy Requirements Compliance Filing**  
**January 15, 2008**

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**40.2.1.1 Requirements for CPUC Load Serving Entities Electing Reserve Sharing LSE Status.**

The information required by Section 40.2.1.1 of this appendix shall be provided to the CAISO as follows:  
~~within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).~~

- (a) The Scheduling Coordinator for a CPUC Load Serving Entity electing Reserve Sharing LSE status must provide the CAISO with all information or data to be provided to the CAISO as required by the CPUC and pursuant to the schedule adopted by the CPUC.
- (b) Where the information or data provided to the CAISO under Section 40.2.1.1(a) of this appendix does not include Reserve Margin(s), then the provisions of Section 40.2.2.1(b) of this appendix shall apply.
- (c) Where the information or data provided to the CAISO under Section 40.2.1.1(a) of this appendix does not include criteria for determining qualifying resource types and their Qualifying Capacity, then the provisions of Section 40.8 of this appendix shall apply.
- (d) Where the information or data provided to the CAISO under Section 40.2.1.1(a) of this appendix does not include annual and monthly Demand Forecast requirements, then the provisions of Section 40.2.2.3 of this appendix shall apply.
- (e) Where the information or data provided to the CAISO under Section 40.2.1.1(a) of this appendix does not include annual and monthly Resource Adequacy Plan requirements, then Section 40.2.2.4 of this appendix shall apply.

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**40.2.2.1 Reserve Margin.**

The information required by Section 40.2.2.1 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

- (a) The Scheduling Coordinator for a Non-CPUC Load Serving Entity electing Reserve Sharing LSE status must provide the CAISO with the Reserve Margin(s) adopted by the appropriate Local Regulatory Authority or federal agency for use in the annual Resource Adequacy Plan and monthly Resource Adequacy Plans listed as a percentage of the Demand Forecasts developed in accordance with Section 40.2.2.3 of this appendix.
- (b) For the Scheduling Coordinator for a Non-CPUC Load Serving Entity for which the appropriate Local Regulatory Authority or federal agency has not established a Reserve Margin(s) or a CPUC Load Serving Entity subject to Section 40.2.1.1(b) of this appendix that has elected Reserve Sharing LSE status, the Reserve Margin for each month shall be no less than 15% of the LSE's peak hourly Demand for the applicable month, as determined by the Demand Forecasts developed in accordance with Section 40.2.2.3 of this appendix.

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#### **40.2.2.2 Qualifying Capacity Criteria.**

The information required by Section 40.2.2.2 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

The Scheduling Coordinator for a Non-CPUC Load Serving Entity electing Reserve Sharing LSE status must provide the CAISO with a description of the criteria adopted by the Local Regulatory Authority or federal agency for determining qualifying resource types and the Qualifying Capacity from such resources and any modifications thereto as they are implemented from time to time. The Reserve Sharing LSE may elect to utilize the criteria set forth in Section 40.8 of this appendix.

#### **40.2.2.3 Demand Forecasts.**

The information required by Section 40.2.2.3 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

The Scheduling Coordinator for a Non-CPUC Load Serving Entity or CPUC Load Serving Entity subject to Section 40.2.1.1(b) of this appendix electing Reserve Sharing LSE status must provide annual and monthly Demand Forecasts as part of the annual and monthly Resource Adequacy Plans under this appendix. The annual and monthly Demand Forecasts shall utilize the annual and monthly coincident peak Demand determinations provided by the California Energy Commission for such Load Serving Entity, which will be calculated from the Demand Forecast information submitted to the California Energy Commission by each Reserve Sharing LSE; or (ii) if the California Energy Commission does not produce coincident peak Demand Forecasts for the Load Serving Entity, the annual and monthly coincident peak Demand Forecasts produced by the CAISO for such Load Serving Entity in accordance with its Business Practice Manual. Scheduling Coordinators must provide data and information, as may be requested by the CAISO, necessary to develop or support the Demand Forecasts required by this Section.

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#### **40.2.3 Modified Reserve Sharing LSEs.**

##### **40.2.3.1 Reserve Margin.**

The information required by Section 40.2.3.1 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

- (a) The Scheduling Coordinator for a Load Serving Entity electing Modified Reserve Sharing LSE status must provide the CAISO with the Reserve Margin(s) adopted by the CPUC, Local Regulatory Authority, or federal agency, as appropriate, for use in the annual Resource Adequacy Plan and monthly Resource Adequacy Plans listed as a percentage of the Demand Forecasts developed in accordance with Section 40.2.3.3 of this appendix.
- (b) For the Scheduling Coordinator for a Load Serving Entity electing Modified Reserve Sharing LSE status for which the CPUC, Local Regulatory Authority, or federal agency, as appropriate, has not established a Reserve Margin, the Reserve Margin shall be no less than fifteen percent (15%) of the applicable month's peak hour Demand of the Load

Serving Entity, as determined by the Demand Forecasts developed in accordance with Section 40.2.3.3 of this appendix.

#### **40.2.3.2 Qualifying Capacity.**

The information required by Section 40.2.3.2 of this appendix shall be provided to the CAISO pursuant to the instructions set forth in a CAISO Market Notice within five (5) Business Days of the CAISO filing its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006).

The Scheduling Coordinator for a Load Serving Entity electing Modified Reserve Sharing LSE status must provide the CAISO with a description of the criteria for determining qualifying resource types and the Qualifying Capacity from such resources and any modifications thereto as they are implemented from time to time. The Modified Reserve Sharing LSE may elect to utilize the criteria set forth in Section 40.8 of this appendix.

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#### **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 of this appendix. 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 24.4-2.1 of Appendix EE the ISO Tariff. 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 30 minutes.
- (2) No voltage collapse or dynamic instability shall be allowed for the Category D event - any B1-4 system readjusted (Common Mode) L-2, as listed in Section 40.3.1.2.

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#### 40.4.7 Submission of Supply Plans.

(a) Scheduling Coordinators representing Resource Adequacy Resources supplying Resource Adequacy Capacity shall provide the CAISO with annual and monthly Supply Plans verifying their agreement to provide Resource Adequacy Capacity during the 2008 Resource Adequacy Compliance Year or relevant month, as applicable. For 2008 Resource Adequacy Compliance Year, an the annual Supply Plan or certification that a previously submitted annual Supply Plan for 2008 Resource Adequacy Compliance Year has not changed shall be submitted to the CAISO on January 31, 2008 in the form set forth on the CAISO Website, and the initial monthly Supply Plan shall be submitted to the CAISO on the first Business Day after 30 calendar days from the date the CAISO files its statement certifying market readiness in accordance with Paragraph 1414 of 116 FERC ¶61,274 (2006). Thereafter, Supply Plans shall be submitted to the CAISO by the last Business Day of the second month prior to the compliance month. Prior to the requirement to submit Supply Plans to the CAISO in accordance with Section 40.4.7 of this appendix, monthly Supply Plans must be submitted in accordance with Section 40.6 of the ISO Tariff.

(b) 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.

(c) The CAISO shall be entitled to take reasonable measures to validate the accuracy of the information submitted in Supply Plans under this Section of the appendix, including:

(1) Comparing 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 on 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 of this appendix. 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. Prior to the requirement to submit Supply Plans to the CAISO in accordance with Section 40.4.7 of this appendix, monthly Supply Plans must be submitted in accordance with Section 40.6 of the ISO Tariff.

(a) Disputes regarding the CAISO's determination of Net Qualifying Capacity shall be subject to Section 40.5.2 of the CAISO Tariff.

(b) 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 of the CAISO Tariff.

(2) Other errors or inaccuracies identified by the CAISO in a Supply Plan shall be treated as a mismatch under Section 40.7 of this appendix.

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#### **40.7 Compliance.**

The CAISO will evaluate whether each annual and monthly Resource Adequacy Plan submitted by a Scheduling Coordinator on behalf of a Load Serving Entity under this appendix demonstrates Resource Adequacy Capacity sufficient to satisfy the Load Serving Entity's (i) allocated responsibility for Local Capacity Area Resources under Section 40.3.2 of this appendix and (ii) applicable Demand and Reserve Margin requirements. If the CAISO determines that a Resource Adequacy Plan does not demonstrate Local Capacity Area Resources sufficient to meet its allocated responsibility under Section 40.3.2 of this appendix, compliance with applicable Demand and Reserve Margin requirements, or compliance with any other resource adequacy requirement in this appendix or adopted by the CPUC, Local Regulatory Authority, or federal agency, as applicable, the CAISO will notify the relevant Scheduling Coordinator, CPUC, Local Regulatory Authority, or federal agency with jurisdiction over the relevant Load Serving Entity, or in the case of a mismatch between Resource Adequacy Plan(s) and Supply Plan(s), the relevant Scheduling Coordinators, in an attempt to resolve any deficiency. The notification will include the reasons the CAISO believes a deficiency exists. If the deficiency relates to the demonstration of Local

Capacity Area Resources in a Load Serving Entity's annual Resource Adequacy Plan, and the CAISO does not provide a written notice of resolution of the deficiency, the Scheduling Coordinator for the Load Serving Entity may demonstrate that the identified deficiency is cured by submitting a revised annual Resource Adequacy Plan within sixty (60) days after the annual Resource Adequacy Plan is due under Sections 40.2.3.4, 40.2.2.4 and 40.2.4 of this appendix. For all other identified deficiencies, at least ten (10) days prior the effective month of the relevant Resource Adequacy Plan, the Scheduling Coordinator for the Load Serving Entity shall (i) demonstrate that the identified deficiency is cured by submitting a revised Resource Adequacy Plan or (ii) advise the CAISO that the CPUC, Local Regulatory Authority, or federal agency, as appropriate, has determined that no deficiency exists. In the case of a mismatch between Resource Adequacy Plan(s) and Supply Plan(s), if resolved, the relevant Scheduling Coordinator(s) must provide the CAISO with revised Resource Adequacy Plan(s) or Supply Plans, as applicable, at least ten (10) days prior to the effective month. If the CAISO is not advised that the deficiency or mismatch is resolved at least ten (10) days prior to the effective month, the CAISO will use the information contained in the Supply Plan to set the obligations of Resource Adequacy Resources under Section 40 of this appendix.

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