



January 19, 2010

VIA HAND DELIVERY

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20246

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 SECRETARY OF THE
 COMMISSION
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 FEDERAL ENERGY
 REGULATORY COMMISSION

**Re: California Independent System Operator Corporation
Compliance Filing
Docket Nos. ER008-1113-004; ER08-1113-005**

Dear Secretary Bose:

The California Independent System Operator Corporation ("ISO")¹ hereby submits an original and five copies of this filing in compliance with the Federal Energy Regulatory Commission's ("Commission") December 17, 2009 Order on Rehearing, Motions for Clarification and Compliance in the above-referenced proceeding.² Two copies of this filing are enclosed to be date-stamped and returned to the messenger.

I. Discussion

The Commission's *December 2009 Order* rejects requests for rehearing of the Commission's March 6, 2009 order on compliance³, the Commission's March 13, 2009 order addressing the ISO's readiness to commence its new markets,⁴ and the Commission's March 27, 2009 order addressing an emergency motion for clarification.⁵ The Commission's *December 2009 Order* also partially accepts the ISO's May 12, 2009 compliance filing submitted in connection with the ISO's Integrated Balancing Authority Area ("IBAA") structure and discussed at the Commission's August 21, 2009 technical conference in this matter. As part of the *December 2009 Order*, the Commission

¹ The ISO is sometimes referred to CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the currently effective ISO FERC Electric Tariff ("ISO tariff").

² *California Indep. Sys. Operator Corp.*, 129 FERC ¶ 61,241 (2009) ("*December 2009 Order*").

³ *California Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,207 (2009)

⁴ *California Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,221 (2009)

⁵ *California Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,278 (2009)

directed the ISO to amend its IBAA tariff provisions to address a number of issues related to market efficiency enhancement agreements (“MEEAs”). Specifically, the Commission directed the ISO to modify its tariff as follows:

- (A) Adopt clarifications set forth in the attachment to the ISO’s September 15, 2009 post-technical conference comments unless otherwise directed.⁶
- (B) Adopt a self-certification mechanism for a MEEA signatory to attest that resources identified in an MEEA supported an interchange transaction between the IBAA and ISO.⁷
- (C) Identify the use of historical information to establish a MEEA consistent with ISO’s post-technical conference comments.⁸
- (D) Provide that MEEA resources may be both sources or sinks consistent with ISO’s post-technical conference comments.⁹
- (E) Provide that MEEA pricing may apply to a distributed group of external resources. Provide that by applying a set of weighted distribution factors to a set of generator locations, a MEEA signatory is not required to associate a specific generator within a MEEA portfolio of resources with a specific customer of the MEEA signatory. Allow for negotiation of another pricing structure, if a MEEA signatory establishes that a different structure more accurately identifies the actual location of resources within the IBAA that support transactions with the ISO.¹⁰
- (F) Allow for the submission of bids, including self-schedules, under a MEEA with use of Resources IDs.¹¹
- (G) Modify the proposed tariff language that requires a potential MEEA signatory or MEEA signatory to submit data to the ISO in a format that

⁶ *December 2009 Order* at P 18.

⁷ *Id.* at PP 51, 53 55, 56 and fn 37.

⁸ *Id.* at P 52.

⁹ *Id.* at P 71.

¹⁰ *Id.* at P 78.

¹¹ *Id.* at P 83.

is compatible with ISO systems to read that data must be “provided in a format that the WECC accepts or other commonly used format.”¹²

The ISO has amended the IBAA provisions of its tariff submitted as part of its May 12, 2009 compliance filing to reflect these directives. The proposed amendments are provided in black-line form in Attachment B,

II. Materials Provided In This Compliance Filing

The following documents, in addition to this transmittal letter, support this filing:

- | | |
|--------------|--|
| Attachment A | Clean sheets of the currently effective tariff showing revisions described in this filing |
| Attachment B | Sheets showing, in black-line format, the changes to the currently effective tariff described in this filing |

III. Conclusion

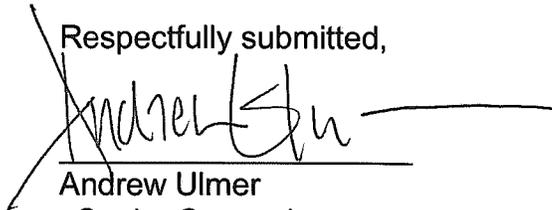
The ISO respectfully requests that the Commission accept this filing as complying with the directives of the Commission’s *December 2009 Order*.

Please do not hesitate to contact the undersigned if you have any questions.

¹² *Id.* at P119.

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew Ulmer", is written over a horizontal line. A large, thin, black diagonal line is drawn across the signature from the top-left to the bottom-right.

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**Attachment A – Clean Sheets
IBAA Compliance
Fourth Replacement CAISO Tariff
January 19, 2010**

27.5.3.1 Currently Established Integrated Balancing Authority Areas.

The FNM includes the established IBAA's listed below. Additional details regarding the modeling specifications for these IBAA's are provided in the Business Practice Manuals.

- (1) The Sacramento Municipal Utility District (SMUD) IBAA including the transmission facilities of the following entities:
 - (a) Western Area Power Administration – Sierra Nevada Region
 - (b) Modesto Irrigation District
 - (c) City of Redding
 - (d) City of Roseville
- (2) Turlock Irrigation District IBAA

27.5.3.2 Information Required to Develop and Obtain Pricing under a Market Efficiency Enhancement Agreement.

The CAISO shall enter into an MEEA with an entity controlling supply resources within an IBAA to provide modeling and pricing for imports or exports between the IBAA and the CAISO Balancing Authority Area if the entity agrees to provide the information as specified herein. These information requirements apply to all entities seeking to enter into and having entered into an MEEA, including external Balancing Authorities within the IBAA or sub-entities therein such as Scheduling Coordinators or sub-Balancing Authority Areas in control of specific resources or a portfolio of resources. For these purposes, the term resource includes sources or sinks within the IBAA. An MEEA signatory may use generation as a resource to support an import to the CAISO and may use load or reduce generation to support an export from the CAISO. Control includes ownership or any contractual arrangements that provide authority to schedule and/or receive the financial benefits of a resource. Entities controlling a portfolio of resources within the IBAA are eligible to enter into MEEAs for interchange transactions using portfolios of resources. For the purposes of this provision, Western Area Power Administration base resource customers have sufficient control over Western Area Power Administration base resource portfolio of resources within the IBAA to be eligible to enter into MEEAs for interchange transactions utilizing these resources.

In order to obtain non-default, location-specific pricing for interchange transactions with the CAISO

Balancing Authority Area, an MEEA signatory must provide the information described in this section

27.5.3.2. The information is necessary to: (i) establish the location of the resources that will be used to calculate location-specific prices under the MEEA, (ii) verify that the resources operating to implement an interchange transaction are the same as the resources identified in the MEEA, (iii) verify the amount of an interchange transaction that was implemented by the dispatch of resources identified in the MEEA, and (iv) settle all charges and payments for interchange transactions under the MEEA.

Subject to the requirements in Section 27.5.3.2.2, the CAISO will provide an LMP to an MEEA signatory for an interchange transaction between the CAISO Balancing Authority Area and the IBAA at the Scheduling Point at which the actual Import or Export Bid is submitted to the CAISO Markets. This MEEA-specific LMP for MEEA transactions shall be calculated for each such Scheduling Point and reflect the nodes where the specific import or export is demonstrated in the MEEA to actually be located. The CAISO will develop generation distribution factors that apply to the relevant MEEA transactions as provided in Section 27.5.3.2.1. The CAISO and an MEEA signatory may negotiate other structures, if an MEEA signatory establishes that a different structure more accurately identifies the actual location of resources within the IBAA that support interchange transactions with the CAISO.

27.5.3.2.1 Information Required to Develop a Market Efficiency Enhancement Agreement.

An entity seeking to enter into an MEEA with the CAISO will provide the CAISO with historical hourly metered generation data for the supply resources to be identified in the MEEA and the historical hourly metered load data within the IBAA for the load served by the MEEA signatory, if any. The data shall be provided in a format that the WECC accepts or other commonly used format. MEEA pricing will typically be based on historical average distribution of generation among a portfolio of resources identified in an MEEA, using negotiated generation distribution factors, subject to revision to reflect changes in usage. The CAISO and an MEEA signatory may, therefore, agree on a set of weighted distribution factors for a specified set of resource locations, which will be used to calculate the MEEA price that will apply to Bids, including Self-Schedules, cleared and processed as further provided in the CAISO Tariff, submitted for resources identified in an MEEA. By applying a set of weighted distribution factors to a set of generator locations, an MEEA signatory is not required to associate a specific generator within a MEEA portfolio of resources with a specific customer of the MEEA signatory. The CAISO will negotiate any generation distribution factors as provided below. For portfolios of resources, the CAISO and a potential MEEA signatory will develop a weighted average price methodology based upon an agreed set of weights for the resources that comprise the MEEA portfolio. Such weights will be based on historical data of operation of the resources comprising the portfolio.

The distribution factors may reflect seasonal, peak and off-peak or other usage and may be periodically revised through bilateral negotiations using updated historical operation data of the MEEA portfolio. All executed MEEAs between the CAISO and an entity with resources within the IBAA must include:

- (a) a list of the external supply resources and loads within the IBAA over which the MEEA signatory has control or serves (for these purposes control includes ownership or any contractual arrangements that provide authority to schedule and/or receive the financial benefits of a resource);

- (b) the location of the resources identified in the MEEA for which non-default LMPs will be calculated;
- (c) the injection and withdrawal points for the resources identified in the MEEA; and
- (d) the appropriate Resource IDs that apply for the MEEA transactions.

27.5.3.2.2 Information Needed to Determine Application of MEEA-Specific Pricing in any Settlement Interval or Settlement Period.

If an MEEA signatory submits a Bid in the CAISO Market and seeks to obtain an MEEA-specific LMP for an interchange transaction, the CAISO must be capable of verifying what portion (output in megawatt hours) of the resources identified in the MEEA, if any, were dispatched to implement the interchange transaction. To the extent that the resources identified in the MEEA, or portion thereof, were dispatched and operated for purposes other than the interchange transaction submitted in the CAISO Market, the Schedule or Imbalance Energy associated with the Bid submitted and cleared in the CAISO Market will not receive an MEEA-specific LMP, and will instead receive the default IBAA price specified in Appendix C, Section G.1.1. The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of obtaining MEEA-specific pricing. MEEA signatories may obtain and use other Resource IDs to submit Bids, including Self-Schedules, that are not covered by an MEEA. Prior to obtaining and settling Resource IDs under the terms of the MEEA, the relevant Scheduling Coordinator shall attest that use of the Resource ID shall mean that the MEEA signatory dispatched a resource identified in an MEEA to support the MEEA interchange transaction. This attestation shall be executed under oath by an officer of the MEEA with knowledge of the MEEA signatory's operations. By actually using such Resource IDs, the Scheduling Coordinator represents that MEEA resources are dispatched to support such Bids, including Self-Schedules. The CAISO may challenge the use of these Resource IDs and conduct an audit under Section 27.5.3.7.

In connection with any such audit, the MEEA signatory shall support its certification with information demonstrating that an MEEA signatory resource was dispatched to support the interchange transaction. This information may include, but is not limited to, NERC tags, OASIS transmission service data, day-ahead load and resource plans, power purchase agreements or contracts demonstrating use of the California Oregon Transmission Path as well as marginal cost information. The MEEA signatory must also demonstrate that the resource supporting the MEEA interchange transaction is not originating from the Pacific Northwest or other Balancing Authority Areas outside of the IBAA. The MEEA signatory shall provide data in a format that the WECC accepts or other commonly used format. For any Settlement Interval or Period for which the CAISO challenges the use of Resource IDs under an MEEA, the IBAA default price specified in Appendix C, Section G.1.1 shall apply to the Settlement Interval or Period pending resolution of the challenge.

[NOT USED]

In addition, in the event that there is a Dynamic Resource-Specific System Resource in the IBAA, the MEEA may further provide that the MEEA signatory in control of such resource may also obtain pricing under the MEEA for imports to the CAISO Balancing Authority Area from the Dynamic Resource-Specific System Resource. For any portion of an interchange transaction for which the CAISO cannot verify that the resources that were dispatched and operated to implement the interchange transaction are the resources identified in the MEEA, the default IBAA price specified in Appendix C, Section G.1.1 will apply for the corresponding volume and time period.

[NOT USED]

[NOT USED]

[NOT USED]

[NOT USED]

27.5.3.3 Process for Establishing a Market Efficiency Enhancement Agreement.

Any entity seeking to negotiate an MEEA with the CAISO may submit a written request to the CAISO.

The CAISO and the requesting entity shall negotiate in good faith the terms and conditions of the MEEA.

The CAISO shall file any executed MEEA with FERC for review and approval under Section 205 of the Federal Power Act. In the event an MEEA is not executed within 180 days of the initial written request for an MEEA, a requesting entity may invoke the CAISO ADR Procedures under Section 13.

27.5.3.4 Use of Data Provided under a Market Efficiency Enhancement Agreement

Data provided to the CAISO pursuant to an MEEA shall be used for purposes of modeling and pricing Interchange transactions between the CAISO Balancing Authority Area and the relevant IBAA at Scheduling Points specified in the MEEA. The configuration of the pricing points for the MEEA, which may include specific distribution factors for the represented resources, established through the negotiation of the MEEA will also be used for the purposes of modeling the resources in the IBAA subject to the MEEA. The CAISO and the MEEA signatory may agree to changes to these configurations over time that do not require the renegotiation of the terms of the MEEA or may agree to static terms until such time the parties re-execute a new MEEA. Such modeling information regarding the location of the resources will be incorporated into the Full Network Model, including the CRR FNM, which is used for all CAISO Markets as further described in Sections 27.3, 27.5.1 and 27.5.6. The FNM and the CRR FNM will not include the hourly transactional data provided pursuant to Section 27.5.3.2, except in such cases where the CAISO and the MEEA signatory have agreed to dynamic changes to the configuration of the modeling of the MEEA resources during the life of the agreement as further provided by the MEEA.

27.5.3.5 Measures to Preserve Confidentiality of Data under a Market Efficiency Enhancement Agreement.

Subject to the provisions of Section 27.5.3.4, data provided to the CAISO by any entity under an MEEA or in connection with negotiations to develop an MEEA shall be treated as confidential data. Consistent with applicable law, the CAISO shall take all steps reasonably necessary to limit disclosure of this information to CAISO personnel that need to review such information as part of their work-related responsibilities. In the event a disclosing entity does not execute an MEEA, the CAISO shall return the confidential data to the disclosing entity if the CAISO can physically return the data and shall destroy the confidential data if the CAISO cannot physically return the confidential data to the disclosing entity.

27.5.3.6 Dispute Resolution under Market Efficiency Enhancement Agreements.

Any disputes arising out of or in connection with an MEEA shall be subject to the CAISO ADR Procedures of Section 13.

27.5.3.7 Audit Rights under Market Efficiency Enhancement Agreements.

The CAISO reserves the right to audit data supplied under an MEEA by giving written notice at least ten (10) Business Days in advance of the date that the CAISO wishes to initiate such audit, with completion of the audit occurring within 180 days of such notice. The audit shall be for the limited purposes of verifying that the MEEA signatory has accurately represented available resources and has met the requirements specified for MEEA pricing. Upon request of the CAISO as part of such audit, any signatory to an MEEA shall provide information to support its certification under Section 27.5.3.2. An MEEA signatory may audit the price for any transaction entered into under an MEEA through the CAISO's Settlement and billing process set forth in Section 11 and through data provided to the MEEA signatory as a Market Participant under the CAISO Tariff. Each party will be responsible for its own expenses related to any audit.

effective MEEA, the default pricing for all imports from the IBAA(s) to the CAISO Balancing Authority Area will be based on the SMUD/TID IBAA Import LMP and all exports to the IBAA(s) from the CAISO Balancing Authority Area will be based on the SMUD/TID IBAA Export LMP. The SMUD/TID IBAA Import LMP will be calculated based on modeling of supply resources that assumes all supply is from the Captain Jack substation as defined by WECC. The SMUD/TID IBAA Export LMP will be calculated based on the Sacramento Municipal Utility District hub that reflects Intertie distribution factors developed from a seasonal power flow base case study of the WECC region using an equivalencing technique that requires the Sacramento Municipal Utility District hub to be equivalenced to only the buses that comprise the aggregated set of load resources in the IBAA, with all generation also being retained at its buses within the IBAA. The resulting load distribution within each aggregated set of load resources within the IBAA defines the Intertie distribution factors for exports from the CAISO Balancing Authority Area.

G.1.2 Applicable Marginal Losses Adjustment

For import Schedules to the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation that originate from transactions that (a) use the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA, and (b) are charged losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable source for such Schedules with the Marginal Cost of Losses at the Tracy substation. The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of establishing Schedules that are eligible for this loss adjustment. Prior to obtaining such Resource IDs, the relevant Scheduling Coordinator shall certify that it will only use this established Resource ID for Bids, including Self-Schedules, that originate from transactions that (a) use the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA,

and (b) are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Further, by actually using such Resource ID, the Scheduling Coordinator represents that such Bids, including Self-Schedules, originate from transactions that (a) use the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA and (b) are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Schedules and Dispatches settled under such Resource IDs shall be subject to an LMP which has accounted for the Marginal Cost of Losses as if there were an actual physical generation facility at the Tracy Scheduling Point as opposed to the Marginal Cost of Losses under the IBAA LMPs specified in Section G.1.1 of this Appendix. The CAISO may request information on a monthly basis from such Scheduling Coordinators to verify that schedules for such Resource IDs originate from transactions using the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA and are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California. Any such request shall be limited to transactions that use the designated Resource IDs during the six month prior period to the date of the request. The CAISO will calculate a re-adjustment of the Marginal Cost of Losses at the Tracy substation to reflect the otherwise applicable source for such Schedules for any Settlement Interval in which the CAISO has determined that the Scheduling Coordinator's payments did not reflect transactions that (a) use the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA, and (b) are charged losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project or other transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. Any amounts owed to the CAISO for such Marginal Cost of Losses re-adjustments will be recovered by the CAISO from the affected Scheduling Coordinator by netting the amounts owed from payments due in subsequent Settlements Statements until the outstanding amounts are fully recovered.

For export Schedules from the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation that (a) use the California-Oregon Transmission Project, and (b) are charged losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable sink for such Schedules with the Marginal Cost of Losses at the Tracy substation. The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of establishing Schedules that are eligible for this loss adjustment. Prior to obtaining such Resource IDs, the relevant Scheduling Coordinator shall certify that it will only use this established Resource ID for Bids, including Self-Schedules, that originate from transactions that (a) use the California-Oregon Transmission Project, and (b) are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Further, by actually using such Resource ID, the Scheduling Coordinator represents that such Bids, including Self-Schedules, originate from transactions that (a) use the California-Oregon Transmission Project and (b) are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Schedules and Dispatches settled under such Resource IDs shall be subject to an LMP which has accounted for the Marginal Cost of Losses as if there were an actual physical generation facility at the Tracy Scheduling Point as opposed to the Marginal Cost of Losses under the IBAA LMPs specified in Section G.1.1 of this Appendix. The CAISO may request information on a monthly basis from such Scheduling Coordinators to verify that schedules for such Resource IDs originate from transactions using the California-Oregon Transmission Project and are charged for losses by the Western Area Power Administration or Transmission Agency of Northern California. Any such request shall be limited to transactions that use the designated Resource IDs during the six month prior period to the date of the request.

The CAISO will calculate a re-adjustment of the Marginal Cost of Losses at the Tracy substation to reflect the otherwise applicable sink for such Schedules for any Settlement Interval in which the CAISO has determined that the Scheduling Coordinator's payments did not reflect transactions that (a) use the California-Oregon Transmission Project, and (b) are charged losses by the Western Area Power Administration or Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Any amounts owed to the CAISO for such Marginal Cost of Losses re-adjustments will be recovered by the CAISO from the affected Scheduling Coordinator by netting the amounts owed from payments due in subsequent Settlements Statements until the outstanding amounts are fully recovered.

Attachment B – Blacklines
IBAA Compliance
Fourth Replacement CAISO Tariff
January 19, 2010

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27.5.3.2 Information Required to Develop and Obtain Pricing under a Market Efficiency Enhancement Agreement.

The CAISO shall enter into an MEEA with an entity controlling supply resources within an IBAA to provide modeling and pricing for imports or exports between the IBAA and the CAISO Balancing Authority Area if the entity agrees to provide the information as specified herein. These information requirements apply to all entities seeking to enter into and having entered into an MEEA, including external Balancing Authorities within the IBAA or sub-entities therein such as Scheduling Coordinators or sub-Balancing Authority Areas in control of specific resources or a portfolio of resources. For these purposes, the term resource includes sources or sinks within the IBAA. An MEEA signatory may use generation as a resource to support an import to the CAISO and may use load or reduce generation to support an export from the CAISO. Control includes ownership or any contractual arrangements that provide authority to schedule and/or receive the financial benefits of a resource. Entities controlling a portfolio of resources within the IBAA are eligible to enter into MEEAs for interchange transactions using portfolios of resources. For the purposes of this provision, Western Area Power Administration base resource customers have sufficient control over Western Area Power Administration base resource portfolio of resources within the IBAA to be eligible to enter into MEEAs for interchange transactions utilizing these resources. In order to obtain non-default, location-specific pricing for interchange transactions with the CAISO Balancing Authority Area, an MEEA signatory must provide the information described in this section 27.5.3.2. The information is necessary to: (i) establish the location of the resources that will be used to calculate location-specific prices under the MEEA, (ii) verify that the resources operating to implement an interchange transaction are the same as the resources identified in the MEEA, (iii) verify the amount of an interchange transaction that was implemented by the dispatch of resources identified in the MEEA, and (iv) settle all charges and payments for interchange transactions under the MEEA.

Subject to the requirements in Section 27.5.3.2.2, ~~T~~he CAISO will provide an LMP to an MEEA signatory for an interchange transaction between the CAISO Balancing Authority Area and the IBAA at the Scheduling Point at which the actual Import or Export Bid is submitted to the CAISO

Markets, ~~if the CAISO can verify that the resources identified in the MEEA, or a portion of these resources, were operated to implement the interchange transaction reflected in the Bid.~~ This MEEA-specific LMP for MEEA transactions shall be calculated for each such Scheduling Point and reflect the nodes where the specific import or export is demonstrated in the MEEA to actually be located. The CAISO will develop generation distribution factors that apply to the relevant MEEA transactions as provided in Section 27.5.3.2.1. The CAISO and an MEEA signatory may negotiate other structures, if an MEEA signatory establishes that a different structure more accurately identifies the actual location of resources within the IBAA that support interchange transactions with the CAISO.

27.5.3.2.1 Information Required to Develop a Market Efficiency Enhancement Agreement.

An entity seeking to enter into an MEEA with the CAISO will provide the CAISO with historical hourly metered generation data for the supply resources to be identified in the MEEA and the historical hourly metered load data within the IBAA for the load served by the MEEA signatory, if any. The data shall be provided in a format that the WECC accepts or other commonly used format formatted to comply with one of the CAISO's existing meter data exchange formats, Meter Data Exchange Format or Comma Separated Value file format. MEEA pricing will typically be based on historical average distribution of generation among a portfolio of resources identified in an MEEA, using negotiated generation distribution factors, subject to revision to reflect changes in usage. The CAISO and an MEEA signatory may, therefore, agree on a set of weighted distribution factors for a specified set of resource locations, which will be used to calculate the MEEA price that will apply to Bids, including Self-Schedules, cleared and processed as further provided in the CAISO Tariff, submitted for resources identified in an MEEA. By applying a set of weighted distribution factors to a set of generator locations, an MEEA signatory is not required to associate a specific generator within a MEEA portfolio of resources with a specific customer of the MEEA signatory. The CAISO will negotiate any generation distribution factors as provided below. For portfolios of resources, the CAISO and a potential MEEA signatory will develop a weighted average price methodology based upon an agreed set of weights for the resources that

comprise the MEEA portfolio. Such weights will be based on historical data of operation of the resources comprising the portfolio. The distribution factors may reflect seasonal, peak and off-peak or other usage and may be periodically revised through bilateral negotiations using updated historical operation data of the MEEA portfolio. All executed MEEAs between the CAISO and an entity with resources within the IBAA must include:

- (a) a list of the external supply resources and loads within the IBAA over which the MEEA signatory has control or serves (for these purposes control includes ownership or any contractual arrangements that provide authority to schedule and/or receive the financial benefits of a resource);
- (b) the location of the resources identified in the MEEA for which non-default LMPs will be calculated;
- (c) the injection and withdrawal points for the resources identified in the MEEA; and
- (d) the appropriate Resource IDs that apply for the MEEA transactions.

27.5.3.2.2 Information Needed to Determine Application of MEEA-Specific Pricing in any Settlement Interval or Settlement Period.

If an MEEA signatory submits a Bid in the CAISO Market and seeks to obtain an MEEA-specific LMP for an interchange transaction, the CAISO must be capable of verifying what portion (output in megawatt hours) of the resources identified in the MEEA, if any, were dispatched to implement the interchange transaction. To the extent that the resources identified in the MEEA, or portion thereof, were dispatched and operated for purposes other than the interchange transaction submitted in the CAISO Market, the Schedule or Imbalance Energy associated with the Bid submitted and cleared in the CAISO Market will not receive an MEEA-specific LMP, and will instead receive the default IBAA price specified in Appendix C, Section G.1.1. The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of obtaining MEEA-specific pricing. MEEA signatories may obtain and use other Resource IDs to submit Bids, including Self-Schedules, that are not covered by an MEEA. Prior to obtaining and settling Resource IDs under the terms of the MEEA, the relevant Scheduling Coordinator shall attest that use of the Resource ID shall mean that the MEEA signatory dispatched a resource identified in an MEEA to support the MEEA interchange transaction. This

attestation shall be executed under oath by an officer of the MEEA with knowledge of the MEEA signatory's operations. By actually using such Resource IDs, the Scheduling Coordinator represents that MEEA resources are dispatched to support such Bids, including Self-Schedules. The CAISO may challenge the use of these Resource IDs and conduct an audit under Section 27.5.3.7. In connection with any such audit, the MEEA signatory shall support its certification with information demonstrating that an MEEA signatory resource was dispatched to support the interchange transaction. This information may include, but is not limited to, NERC tags, OASIS transmission service data, day-ahead load and resource plans, power purchase agreements or contracts demonstrating use of the California Oregon Transmission Path as well as marginal cost information. The MEEA signatory must also demonstrate that the resource supporting the MEEA interchange transaction is not originating from the Pacific Northwest or other Balancing Authority Areas outside of the IBAA. The MEEA signatory shall provide data in a format that the WECC accepts or other commonly used format. For any Settlement Interval or Period for which the CAISO challenges the use of Resource IDs under an MEEA, the IBAA default price specified in Appendix C, Section G.1.1 shall apply to the Settlement Interval or Period pending resolution of the challenge.

~~To the extent that the CAISO cannot verify that resources identified in the MEEA were dispatched and operated to implement the interchange transaction submitted in the CAISO Market, the portion of the Schedule or Imbalance Energy associated with the submitted and cleared Bid in the CAISO Market that was implemented by resources not identified in an MEEA will not receive an MEEA-specific LMP, and will instead receive the default IBAA price specified in Appendix C, Section G.1.1.~~

~~In order to verify: (i) what portion of the resources identified in the MEEA, if any, were dispatched and operated to implement the interchange transaction submitted and cleared in the CAISO Market, (ii) what portion of the resources identified in the MEEA, if any, were dispatched and operated for purposes other than the interchange transaction submitted and cleared in the CAISO Market, and (iii) whether resources other than resources identified in the MEEA, if any, may have~~

~~been dispatched and operated to implement the interchange transaction submitted and cleared in the CAISO Market, an MEEA signatory must provide the following information for the Settlement Interval in which the MEEA signatory seeks an MEEA-specific LMP:~~

- ~~(a) total hourly metered generation owned or under the control of the MEEA signatory within the IBAA;~~
- ~~(b) total hourly metered load served by the MEEA signatory within the IBAA;~~
- ~~(c) total gross Energy scheduled by the MEEA signatory into the IBAA from other Balancing Authority Areas (exclusive of the CAISO Balancing Authority Area);~~
- ~~(d) total gross Energy purchases made by the MEEA signatory within the IBAA, including:
 - ~~(i) purchases from third parties, and~~
 - ~~(ii) exchanges acquiring Energy from third parties;~~~~
- ~~(e) total gross Energy sales made by the MEEA signatory within the IBAA, including:
 - ~~(i) sales to third parties, and~~
 - ~~(ii) exchanges providing Energy to third parties;~~~~
- ~~(f) total gross Energy sales by the MEEA signatory out of the IBAA into other Balancing Authority Areas (exclusive of the CAISO Balancing Authority Area).~~

~~This information in (a) through (f) may be submitted after the fact but must be provided for the MEEA signatory itself and any of its Affiliates or any other organization under its control. The CAISO shall use the information described in this section to verify what portion of the resources identified in an MEEA, if any, were dispatched to implement the interchange transactions submitted to and cleared through the CAISO Markets between the CAISO Balancing Authority Area and the IBAA. Data submitted shall meet all Settlement Quality Meter Data requirements as specified in the CAISO Tariff Section 10.3.2.2. The data shall be formatted to comply with one of the CAISO's existing meter data exchange formats, Meter Data Exchange Format or Comma Separated Value file format. Data submitted shall meet the timelines established in the CAISO payments calendar as provided in the applicable Business Practice Manual. In addition, in the~~

event that there is a Dynamic Resource-Specific System Resource in the IBAA, the MEEA may further provide that the MEEA signatory in control of such resource may also obtain pricing under the MEEA for imports to the CAISO Balancing Authority Area from the Dynamic Resource-Specific System Resource. For any portion of an interchange transaction for which the CAISO cannot verify that the resources that were dispatched and operated to implement the interchange transaction are the resources identified in the MEEA, the default IBAA price specified in Appendix C, Section G.1.1 will apply for the corresponding volume and time period.

~~27.5.3.2.2.1 — Application of MEEA-Specific LMPs for Import Bids into the CAISO Balancing Authority Area Cleared through the CAISO Market.~~

~~The CAISO shall verify the portion of the resources identified in an MEEA, if any, supported an Import Bid submitted and cleared through the CAISO Market submitted pursuant to the MEEA.~~

~~The CAISO will provide MEEA-specific LMPs as follows:~~

- ~~(a) — MEEA-specific LMPs will apply only to that portion of Import Bids to the CAISO Balancing Authority Area where the CAISO can verify that the resources identified in the MEEA supported the Import Bid submitted and cleared in the CAISO Market. The CAISO will verify whether the MEEA resources supported the Import Bid to the CAISO Balancing Authority Area consistent with the MEEA using the data provided as required in Section 27.5.3.2.2. The verification will evaluate: (i) what portion of the resources identified in the MEEA, if any, were dispatched and operated to implement the interchange transaction submitted and cleared in the CAISO Market, (ii) what portion of the resources identified in the MEEA, if any, were dispatched and operated for purposes other than the interchange transaction submitted and cleared in the CAISO Market, and (iii) whether resources other than resources identified in the MEEA, if any, may have been dispatched and operated to implement the interchange transaction submitted and cleared in the CAISO Market. The CAISO cannot verify that resources identified in the MEEA were dispatched to support the Import Bid if the MEEA signatory in any Settlement Interval seeking the MEEA LMP is also importing from an external Balancing Authority Area (exclusive of the CAISO~~

~~Balancing Authority Area) because the MEEA Import Bid or portion thereof may be supported by other resources not identified in the MEEA.~~

~~To the extent that the CAISO determines that the MEEA signatory operates resources other than resources identified in the MEEA to implement the Import Bid, the Schedule or Dispatch Instruction will not receive the MEEA-specific LMP. Resources not identified in the MEEA include, but are not limited to, resources from an MEEA signatory's purchases and exchanges within the IBAA and an MEEA signatory's purchases from and exchanges with other Balancing Authority Areas (exclusive of the CAISO Balancing Authority Area). (b) If the CAISO verifies as described above in (a) that the resources identified in the MEEA supported the Import Bid associated with a submitted and cleared Schedule or Dispatch Instruction, the Import Bid or portion thereof will be settled at the MEEA-specific LMP. If the CAISO cannot verify as described above in (a) that the resources identified in the MEEA supported the Import Bid associated with a submitted and cleared Schedule or Dispatch Instruction, the Import Bid or portion thereof will be settled at the default IBAA price specified in Appendix C, Section G.1.1~~

~~**27.5.3.2.2 Application of MEEA-Specific LMPs for Export Bids from the CAISO Balancing Authority Area Cleared through the CAISO Market.**~~

~~The CAISO shall verify the portion of the resources identified in an MEEA, if any, that were dispatched to implement supported an Export Bid submitted and cleared through the CAISO Market. The CAISO will provide MEEA-specific LMPs as follows:~~

- ~~(a) MEEA-specific LMPs will apply only to that portion of Export Bids from the CAISO Balancing Authority Area where the CAISO can verify that resources identified in the MEEA supported the Export Bid submitted and cleared in the CAISO Market. The CAISO will verify whether the MEEA resources supported the Export Bid from the CAISO Balancing Authority Area consistent with the MEEA using the data provided as required in Section 27.5.3.2.2. The verification will evaluate: (i) what portion of the resources identified in the MEEA, if any, were dispatched and operated to implement the interchange transaction submitted and cleared in the CAISO Market, (ii) what portion of the resources~~

~~identified in the MEEA, if any, were dispatched and operated for purposes other than the interchange transaction submitted and cleared in the CAISO Market, and (iii) whether resources other than resources identified in the MEEA, if any, may have been dispatched and operated to implement the interchange transaction submitted and cleared in the CAISO Market. The CAISO cannot verify that resources identified in the MEEA were dispatched to support the Export Bid if the MEEA signatory in any Settlement Interval seeking the MEEA LMP is also exporting to an external Balancing Authority Area (exclusive of the CAISO Balancing Authority Area) because the MEEA Export Bid or portion thereof may be supported by other resources not identified in the MEEA. To the extent that the CAISO determines that the MEEA signatory operates resources other than resources identified in the MEEA to implement the Export Bid, the Schedule or Dispatch Instruction will not receive the MEEA-specific LMP. Resources not identified in the MEEA include, but are not limited to, resources from an MEEA signatory's sales and exchanges within the IBAA and an MEEA signatory's sales to and exchanges with other Balancing Authority Areas (exclusive of the CAISO Balancing Authority Area).~~

~~(b) If the CAISO verifies as described above in (a) that the resources identified in the MEEA supported the Export Bid associated with a submitted and cleared Schedule or Dispatch Instruction, the Export Bid or portion thereof will be settled at the MEEA-specific LMP. If the CAISO cannot verify as described above in (a) that the resources identified in the MEEA were dispatched to implement the Export Bid associated with the submitted and cleared Schedule or Dispatch Instruction, the Export Bid or portion thereof will be settled at the default IBAA price specified in Appendix C, Section G.1.1.~~

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27.5.3.4

Use of Data Provided to CAISO under a Market Efficiency Enhancement Agreement.

Data provided to the CAISO pursuant to an MEEA shall be used for purposes of modeling and pricing Interchange transactions between the CAISO Balancing Authority Area and the relevant IBAA at Scheduling Points specified in the MEEA. ~~The data concerning hourly transactions shall be used solely for pricing MEEA transactions and for the determination of the eligible amounts as specified in the sections above.~~ The configuration of the pricing points for the MEEA, which may include specific distribution factors for the represented resources, established through the negotiation of the MEEA will also be used for the purposes of modeling the resources in the IBAA subject to the MEEA. The CAISO and the MEEA signatory may agree to changes to these configurations over time that do not require the renegotiation of the terms of the MEEA or may agree to static terms until such time the parties re-execute a new MEEA. Such modeling information regarding the location of the resources will be incorporated into the Full Network Model, including the CRR FNM, which is used for all CAISO Markets as further described in Section 27.3. The FNM and the CRR FNM will not include the hourly transactional data provided pursuant to Section 27.5.3.2, except in such cases where the CAISO and the MEEA signatory have agreed to dynamic changes to the configuration of the modeling of the MEEA resources during the life of the agreement as further provided by the MEEA.

* * *

27.5.3.7 Audit Rights under Market Efficiency Enhancement Agreements.

The CAISO reserves the right to audit data supplied under an MEEA by giving written notice at least ten (10) Business Days in advance of the date that the CAISO wishes to initiate such audit, with completion of the audit occurring within 180 days of such notice. The audit shall be for the limited purposes of verifying that the MEEA signatory has accurately represented available resources and has met the requirements specified for MEEA pricing. Upon request of the CAISO as part of such audit, any signatory to an MEEA shall provide information to support its certification~~the hourly information provided~~ under Section 27.5.3.2. An MEEA signatory may audit the price for any transaction entered into under an MEEA through the CAISO's Settlement and billing process set forth in Section 11 and through data provided to the MEEA signatory as a

Market Participant under the CAISO Tariff. Each party will be responsible for its own expenses related to any audit.

* * *

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the 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 Folsom, California this 19th day of January, 2010.


Jane Ostapovich