



November 2, 2015

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket No. ER15-1825
Compliance Filing – Reliability Services Initiative, Phase 1A**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits this filing in compliance with the Federal Energy Regulatory Commission’s (“Commission”) Order on Tariff Revisions issued on October 1, 2015 in the captioned docket.¹ The CAISO requests that the Commission accept the proposed tariff revisions as complaint with that order.

I. Background

On May 29, 2015, the CAISO submitted a tariff amendment in this proceeding to implement Phase 1A of its two phase Reliability Services Initiative, which is intended to enhance the CAISO’s resource adequacy rules and processes to meet the needs of an increasingly dynamic grid. On July 7, 2015, the CAISO filed an answer to comments and protests submitted in response to the CAISO’s tariff filing (“July 7 Answer”). The answer explained that the Commission should accept the proposed tariff amendment, subject to certain tariff clarifications that the CAISO agreed to make on compliance if ordered by the Commission, including a clarification sought by the California Department of Water Resources State Water Project (“SWP”). On August 6, 2015, the CAISO filed a second answer (“August 6 Answer”) acknowledging that two tariff changes identified by the Northern California Power Authority (“NCPA”) and Silicon Valley Power (“SVP”) were needed and requesting the Commission to direct the CAISO to make such changes on compliance.

In the October 1 Order, the Commission conditionally accepted the proposed tariff revisions, subject to the compliance obligations discussed below. This filing contains the changes directed by the Commission.

II. Compliance With October 1 Order

¹ *California Indep. Sys. Operator Corp.* 153 FERC ¶ 61,002 (2014) (“October 1 Order”).

The CAISO is revising the following tariff sections in compliance with the Commission's order: 40.2.4; 40.10.5.1.1(2); 40.9.3.2(c); and 40.6.4.3.2 (3). Consistent with the October 1 Order, sections 40.2.4 and 40.10.5.1.1 (2) have an effective date of January 10, 2016; the remaining tariff revisions have an effective date of March 1, 2016. The CAISO notes that it sought the input of NCPA, SVP, and SWP in developing the compliance tariff revisions. The specific revisions are discussed below.

A. Tariff Revisions Applicable To Load Following MSSs

NCPA and SVP filed pleadings expressing concern regarding the applicability of certain proposed tariff changes to load following MSS entities. First, in light of the CAISO's proposed elimination of tariff section 40.1.1, they argued that tariff revisions were needed to specify the applicability of the revised resource adequacy tariff provisions to load following MSSs. Second, they argued that tariff section 40.10.5.1.1 (2) required clarification to prevent double counting of variable energy resources.

In its August 6 Answer, the CAISO agreed that tariff revisions specifying the applicability of the revised resource adequacy tariff provisions to load following MSSs were necessary, but recognized that given the other amendments to section 40 of the tariff, achieving the desired result might require a more complex solution than simply reinstating existing language from section 40.1.1. The CAISO also agreed that clarification of section 40.10.5.1.1 (2) was necessary. The CAISO committed to consult with NCPA and SVP in preparing its compliance tariff revisions related to these issues.

In the October 1 Order, the Commission agreed with SVP and NCPA on the need for clarification of proposed CAISO sections 40.1.1 and 40.10.5.1.1 (2). Consistent with the CAISO's August 6 Answer, the Commission directed the CAISO to make a compliance filing that contains the necessary revisions.² The Commission stated that the revised tariff provisions must clearly delineate which resource adequacy provisions apply to load following metered subsystems, and ensure that load-following metered sub-systems' flexible capacity requirement is not unnecessarily augmented by the double-counting of variable energy resources included in their resource portfolios.³

To comply with the Commission's directive regarding applicability of resource adequacy tariff provisions to load following MSSs, the CAISO proposes to add the following language to tariff section 40.2.4:

- (1) **Applicability:** Unless otherwise provided in Section 40, Scheduling Coordinators for Load-following MSSs are subject solely to Sections 40.2.4, 40.3, and with respect to their Local Capacity Ares Resources identified in accordance with Section 40.2.4, Section 40.9, and with respect to Flexible

² October 1 Order at P 38.

³ *Id.*

Resource Adequacy Capacity, Section 40.10.

The proposed language is consistent with the language NCPA recommended in its July 22, 2015 Motion for Leave to Answer and Answer. As a result of adding this language, the CAISO will also need to make some conforming tariff changes by renumbering tariff sections 40.2.4 (1) Annual RA Plan and 40.2.4 (2) Monthly RA Plan and Supply Plan as sections 40.2.4 (2) and 40.2.4 (3), respectively.

To comply with the Commission's directive regarding the potential "double-counting" language in section 40.10.5.1.1 (2), the CAISO proposes to revise the section as follows (compliance revisions in italics and cross-out):

The Load-following MSS must increase the Flexible RA Capacity in its monthly plan by the MW amount of Capacity for ~~the~~ a Variable Energy Resources *that is initially shown as being included in the Load-following MSS Load Serving Entity's resource portfolio* in the information required pursuant to Section 40.10.1.2, but *is subsequently* not included in the current-MSS resource portfolio *at the time the monthly LSE Flexible RA Capacity Plan is due* for ~~that~~ the applicable month.

This clarifying language is consistent with the language that NCPA suggested in its June 19, 2015 Motion to Intervene and Limited Protest. These revisions will ensure that the tariff does not inadvertently require a Load-following MSSs to procure twice as much flexible capacity as is actually needed.

B. Providing More Than One Category of Flexible RA Capacity On A Single Day

The CAISO tariff provides for three categories of flexible capacity: base ramping; peak ramping; and super-peak ramping.⁴ In its tariff amendment filing the CAISO proposed in new tariff section 40.9.3.2 (c) to assess the availability of flexible resource adequacy resources providing flexible capacity in more than one flexible capacity category based on the highest category of flexible resource designated. In its July 7 Answer, the CAISO clarified that its proposal did not prohibit resources from selling multiple categories of flexible capacity; it merely provided that to the extent they did so on the same day, the CAISO would assess the resource based on the highest flexible capacity category.

In the October 1 Order, the Commission "accept[ed] the CAISO's proposal to assess resources with multiple levels of flexible capacity on a single day based on the most stringent must-offer obligation."⁵ The Commission found that "CAISO's proposal to assess availability based on the highest quality flexible capacity provides appropriate incentives to economically bid the most flexible type of capacity into the CAISO's markets."⁶ The Commission directed

⁴ CAISO tariff section 40.10.3.

⁵ October 1 Order at P 65.

⁶ *Id.*

the CAISO to clarify the limitation identified by the CAISO in its July 7 Answer in its compliance filing because it was not reflected in the tariff language submitted in the tariff amendment filing.

In compliance with the Commission's directive, the CAISO proposes to revise tariff section 40.9.3.2 (c) as follows (compliance language in italics):

If a Flexible RA Resource is designated to provide Flexible RA Capacity and/or RA Substitute Capacity in more than one Flexible Capacity Category *on the same day*, the CAISO will assess the availability of the resource using the must-offer obligation for the highest quality of Flexible Capacity Category designated.

C. Revisions Applicable To Participating Load That Is Pumping Load

In its intervention and comments, SWP requested that the CAISO revise new tariff section 40.6.4.3.2 (3) to allow a participating load that is also pumping load to provide resource adequacy capacity by submitting non-spin ancillary service bid in the day-ahead market. In its July 7 Answer, the CAISO agreed that such revision was needed.⁷ The CAISO requested that the Commission direct the CAISO to make such revision on compliance. In the October 1 Order, the Commission directed the CAISO to include this clarification in its compliance filing.

In compliance with the October 1 Order, the CAISO proposes to revise tariff section 40.6.4.3.2 (3) as follows (compliance language in italics and cross-out):

Participating Load that is Pumping Load shall submit *Non-Spin Ancillary Services Bids* ~~Economic Bids for Energy~~ and/or a Submission to Self-Provide *Non-Spin Ancillary Services* in the Day-Ahead Market for its Resource Adequacy Capacity that is certified to provide Non-Spinning Reserve Ancillary Service, and *Economic Bids for Energy* in the Real-Time Market for its Non-Spinning Reserve Capacity that receives an Ancillary Services Award in the Day-Ahead Market.

This is the language that SWP suggested in its comments and to which the CAISO agreed in its July 7 Answer.

III. Materials Provided in this Compliance Filing

In addition to this transmittal letter, this compliance filing includes Attachments A and B. Attachment A contains clean CAISO tariff sheets reflecting the tariff revisions described above. Attachment B shows these revisions in black-line format.

Respectfully submitted,

⁷ July 7 Answer at 35-36.

The Honorable Kimberly D. Bose
November 2, 2015

By: /s/ Anthony Ivancovich

Roger E. Collanton
General Counsel
Anthony J. Ivancovich
Deputy General Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7135
Fax: (916) 608-7222

Counsel for the
California Independent System
Operator Corporation

Dated: November 2, 2015

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 proceeding, 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, CA, this 2nd day of November, 2015.

/s/ Martha Sedgley
Martha Sedgley

Attachment A – Clean Tariff Records

Compliance Filing: Reliability Services Initiative-Phase1A

California Independent System Operator Corporation

40.2.4 Load Following MSS

- (1) **Applicability.** Unless otherwise provided in Section 40, Scheduling Coordinators for Load-following MSSs are subject solely to Sections 40.2.4, 40.3, and with respect to their Local Capacity Area Resources identified in accordance with Section 40.2.4, Section 40.9, and with respect to Flexible Resource Adequacy Capacity, Section 40.10.
- (2) **Annual RA Plan.** A Scheduling Coordinator for a Load-following MSS must provide an annual Resource Adequacy Plan that sets forth, at a minimum, the Local Capacity Area Resources, if any, procured by the Load-following MSS as described in Section 40.3. The annual Resource Adequacy Plan shall utilize the annual coincident peak Demand determination provided by the California Energy Commission for such Load-following MSS using Demand Forecast data submitted to the California Energy Commission by the Load-following MSS, or, if the California Energy Commission does not produce coincident peak Demand Forecasts for the Load-following MSS, the annual coincident peak Demand Forecast produced by the CAISO for such Load-following MSS in accordance with its Business Practice Manual using Demand Forecast data submitted to the CAISO by the Load-following MSS. .
- (3) **Monthly RA Plan and Supply Plan.** The Scheduling Coordinator for a Load-following MSS must submit a monthly Resource Adequacy Plan and Supply Plan on the schedule set forth in the Business Practice Manual.

40.6.4 Use-Limited Resources Additional Availability Requirements

40.6.4.1 Registration of Use-Limited Resources

Hydroelectric Generating Units, Proxy Demand Resources, Reliability Demand Response Resources, and Participating Load, including Pumping Load, are deemed to be Use-Limited Resources for purposes of this Section 40 and are not required to submit the application described in this Section 40.6.4.1.

Scheduling Coordinators for other Use-Limited Resources must provide the CAISO an application in the form specified on the CAISO Website requesting registration of a specifically identified resource as a Use-

Limited Resource. This application shall include specific operating data and supporting documentation including, but not limited to:

- (1) a detailed explanation of why the resource is subject to operating limitations;
- (2) historical data to show attainable MWhs for each 24-hour period during the preceding year, including, as applicable, environmental restrictions for NOx, SOx, or other factors; and
- (3) further data or other information as may be requested by the CAISO to understand the operating characteristics of the unit.

Within five (5) Business Days after receipt of the application, the CAISO will respond to the Scheduling Coordinator as to whether or not the CAISO agrees that the facility is eligible to be a Use-Limited Resource. If the CAISO determines the facility is not a Use-Limited Resource, the Scheduling Coordinator may challenge that determination in accordance with the CAISO ADR Procedures.

40.6.4.2 Use Plan

The Scheduling Coordinator shall provide for the following Resource Adequacy Compliance Year a proposed annual use plan for each Use-Limited Resource that is a Resource Adequacy Resource. For each Use-Limited Resource that is a Resource Adequacy Resource but is not a Reliability Demand Response Resource, the proposed annual use plan will provide the information described in the Business Practice Manual. The CAISO will have an opportunity to discuss the proposed annual use plan with the Scheduling Coordinator and suggest potential revisions to meet reliability needs of the system. The Scheduling Coordinator shall then submit its final annual use plan. Scheduling Coordinators for Use-Limited Resources must submit the proposed and final annual use plans, and any updates to those use plans, in accordance with the schedule set forth in the Business Practice Manual. The annual use plan must reflect the potential operation of the Use-Limited Resource at a level no less than the minimum criteria set forth by the Local Regulatory Authority for qualification of the resource.

40.6.4.3 Bidding Requirements on Use-Limited Resources

40.6.4.3.1 Non-Hydro, Non-RDRR, and Dispatchable Use-Limited Resources

Use-Limited Resources, other than those subject to the provisions of 40.6.4.3.2, must submit a Supply Bid or Self-Schedule for their Resource Adequacy Capacity in the Day-Ahead Market whenever the Use-

Limited Resources are physically capable of operating in accordance with their operating criteria, including environmental or other regulatory requirements. Use-Limited Resources will also provide a daily Energy limit as part of their Day-Ahead Market offer to enable the CAISO to schedule them for the period in which they are capable of providing the Energy. To the extent that the daily Energy limit has been reached through Self-Schedules, no further action will be taken by the CAISO, unless rescheduling of the Energy is necessary for System Reliability. Use-Limited Resources will attempt to reschedule the Energy in recognition of the System Reliability concern, to the extent that the change is possible without violating a Use-Limited Resource's operating criteria.

40.6.4.3.2 Hydro, RDRR, and Non-Dispatchable Use-Limited Resources

(a) **Must-Offer Obligation.**

- (1) Hydroelectric Generating Units, Pumping Load, and Non-Dispatchable Use-Limited Resources, but not Reliability Demand Response Resources, shall submit Self-Schedules or Bids in the Day-Ahead Market for their expected available Energy or their expected as-available Energy, as applicable, in the Day-Ahead Market and RTM. Such resources shall also revise their Self-Schedules or submit additional Bids in RTM based on the most current information available regarding Expected Energy deliveries.
- (2) Hydroelectric Generating Units, Pumping Load, Reliability Demand Response Resources, Non-Dispatchable Use-Limited Resources, and Resource Adequacy Resources providing Regulatory Must-Take Capacity are not required to submit RUC Availability Bids for that capacity, but any such bids they do submit must be \$0/MW RUC Availability Bids.
- (3) Participating Load that is Pumping Load shall submit Non-Spin Ancillary Services Bids and/or a Submission to Self-Provide Non-Spin Ancillary Services in the Day-Ahead Market for its Resource Adequacy Capacity that is certified to provide Non-Spinning Reserve Ancillary Service, and Economic Bids for Energy in the Real-Time Market for its Non-Spinning Reserve Capacity that receives an Ancillary Service Award in the Day-Ahead Market.

(b) **Determination of Non-Dispatchable Status.** The CAISO will retain discretion as to whether a

particular resource should be considered a Non-Dispatchable Use-Limited Resource, and this decision will be made in accordance with the provisions of Section 40.6.4.1.

40.6.4.3.3 Availability of Use-Limited Resources During System Emergencies

All Use-Limited Resources remain subject to Section 7.7.2.3 regarding System Emergencies to the extent the Use-Limited Resource is owned or controlled by a Participating Generator.

40.6.4.3.4 Availability of Intermittent Resources

Any Eligible Intermittent Resource that provides Resource Adequacy Capacity may, but is not required to, submit Bids in the Day-Ahead Market.

40.6.4.3.5 Proxy Demand Resources

- (a) Short Start and Medium Start Proxy Demand Resources that provide Resource Adequacy Capacity shall submit \$0/MW RUC Availability Bids for all of their Resource Adequacy Capacity for all hours of the month the resource is physically available; however, any RUC schedule for these resources will not be binding.
- b) Long Start Proxy Demand Resources are not required to submit Bids or Self Schedules in the RUC for their Resource Adequacy Capacity.

40.9.3 Availability Assessment

40.9.3.1 Local and System RA Capacity Availability

(a) Availability Assessment Hours

- (1) Prior to the start of each Resource Adequacy Compliance Year, the CAISO shall establish and publish in the Business Practice Manual the Availability Assessment Hours applicable for resources providing local and/or system Resource Adequacy Capacity for each month of that year.
- (2) The Availability Assessment Hours shall be a pre-defined set of five consecutive hours for each month that --
 - (A) correspond to the operating periods when high demand conditions typically occur and when the availability of Resource Adequacy Capacity is most critical to maintaining system reliability:

(B) vary by season as necessary so that the coincident peak load hour typically falls within the five-hour range each day during the month, based on historical actual load data; and

(C) apply to each Trading Day that is a weekday and not a federal holiday.

(b) **Must Offer Availability Assessment.** The CAISO shall determine the extent to which each resource providing local and/or system Resource Adequacy Capacity made that capacity available to the CAISO in each Availability Assessment Hour of the day by comparing --

- (1) the MWs of local and/or system Resource Adequacy Capacity for which the Scheduling Coordinator for the resource submitted Economic Bids or Self-Schedules in the Day-Ahead Market and the Real-Time Market; and
- (2) the MWs of local and/or system Resource Adequacy Capacity for which the Scheduling Coordinator for the resource was required to submit Economic Bids or Self-Schedules in the CAISO Markets under the must-offer requirements applicable under Section 40.6.

40.9.3.2 Flexible RA Capacity Availability

(a) **Availability Assessment Hours.** The Availability Assessment Hours for a Flexible RA Resource shall be the same period as the must-offer obligation for the Flexible Capacity Category that is designated on the Resource Flexible RA Capacity Plan for that month, as set forth in Section 40.10.6.

(b) **Must-Offer Availability Assessment.** The CAISO shall determine the extent to which each Flexible RA Resource made that capacity available in each Availability Assessment Hour of the day by comparing --

(A) the MWs of Flexible RA Capacity for which the Scheduling Coordinator for the resource submitted Economic Bids in the Day-Ahead Market and the Real-Time Market; and

(B) the MWs of Flexible RA Capacity for which the Scheduling Coordinator for the resource was required to submit Economic Bids in the CAISO Markets under the must-offer requirements applicable under Section 40.10.6.

(c) **Flexible Capacity Category.** If a Flexible RA Resource is designated to provide Flexible RA

Capacity and/or RA Substitute Capacity in more than one Flexible Capacity Category on the same day, the CAISO will assess the availability of the resource using the must-offer obligation for the highest quality of Flexible Capacity Category designated.

- (d) **Start-Up Less Than 90 Minutes.** For resources with a start-up time less than 90 minutes, the CAISO will use the resource's MWs of capacity from zero to the EFC value to assess the availability of the designated Flexible RA Capacity; provided that the Scheduling Coordinator for the resource does not submit Self-Schedules for the capacity from zero to PMin or for any portion of the capacity under the must-offer obligation for Energy. If the Scheduling Coordinator for the resource submits a Self-Schedule, the CAISO will deduct the MW value of PMin from the calculation of the resource's Flexible RA Capacity availability,
- (e) **Start-Up Greater Than 90 Minutes.** For resources with a start-up time greater than 90 minutes, the CAISO will use the MWs of capacity between the resource's PMin and EFC value in the availability assessment and validate whether the Scheduling Coordinator for the resource submitted Economic Bids for all MWs designated on the Resource Flexible RA Capacity Plan.
- (f) **Variable Energy Resources**
 - (1) **Flexible RA Capacity Equal to EFC.** If the Flexible RA Capacity designated on the monthly Resource Flexible RA Capacity Plan is equal to the resource's EFC value, the CAISO will assess the availability of the designated Flexible RA Capacity based on the Economic Bids for Flexible RA Capacity the Scheduling Coordinator for the resource submitted up to the MWs in the Variable Energy Resource forecast applicable under Section 4.8.2.
 - (2) **Flexible RA Capacity Less Than EFC.** If the Flexible RA Capacity designated in the monthly Resource Flexible RA Capacity Plan is less than the EFC value for the resource, the CAISO will assess availability using the ratio of the amount shown on the monthly plan to the relevant EFC value, and applies that ratio to the MWs of Economic Bids and the Variable Energy Resource forecast.
 - (3) **VER Forecast Less Than Flexible RA Capacity.** If the MWs in the Variable Energy Resource forecast are less than the MWs of Flexible RA Capacity designated in the

monthly Resource Flexible RA Capacity Plan, and the Economic Bids are greater than or equal to the forecast amount for that hour, the resource is 100 percent available up to the forecast amount.

- (4) **VER Forecast Greater Than Flexible RA Capacity.** If the MWs in the Variable Energy Resource forecast are greater than the MWs of Flexible RA Capacity designated in the monthly Resource Flexible RA Capacity Plan, the Scheduling Coordinator for the resource must submit Economic Bids equal to the forecast amount. If the Scheduling Coordinator for the resource submits Economic Bids for MWs above the forecast, or the resource generates above the forecast, the CAISO will limit the calculated availability to the forecast amount.
- (5) **No Day-Ahead Market Obligation.** For Variable Energy Resources that do not have an obligation to submit Economic Bids into the Day-Ahead Market, the CAISO will base the availability assessment of the Flexible RA Capacity only on the resource's Economic Bids in the Real-Time Market.

40.9.3.3 Availability for Overlapping Local/System and Flexible RA Capacity

- (a) **Overlap Determination.** The availability assessment for overlapping Resource Adequacy commitments shall apply to those hours in which a resource was subject to the must-offer obligations for local and/or system Resource Adequacy Capacity and Flexible RA Capacity in any Availability Assessment Hour and for any portion of the same capacity.
- (b) **Must-Offer Availability Assessment.** The CAISO shall determine the extent to which each resource with overlapping Resource Adequacy commitments made that capacity available to the CAISO in each overlapping Availability Assessment Hour of the day by comparing --
 - (1) the MWs of local and/or system Resource Adequacy Capacity and Flexible RA Capacity for which the Scheduling Coordinator for the resource submitted Economic Bids in the Day-Ahead Market and the Real-Time Market; and
 - (2) the MWs of local and/or system Resource Adequacy Capacity and Flexible RA Capacity for which the Scheduling Coordinator for the resource was required to submit Economic Bids in the CAISO Markets, in accordance with the applicable must-offer requirements in

Sections 40.6 and 40.10.6.

- (c) **Calculation.** The CAISO's calculation of the Availability Assessment for overlapping RA commitments shall count-
- (1) any portion of the overlapping MW only once; and
 - (2) the total MWs of capacity at the higher of the Resource Adequacy Capacity commitment or the Flexible RA Capacity commitment.

40.9.3.4 Treatment of Maintenance Outages

- (a) **Replacement Not Required.** The RAAIM Availability Assessment for a Resource Adequacy Resource excludes the capacity, duration, and must-offer requirements for Resource Adequacy Capacity --
- (1) with an Approved Maintenance Outage or pending request for a Maintenance Outage as of 45 days prior to the start date of the Resource Adequacy month; however any subsequent incremental increase in the MWs or duration of the outage will be subject to RAAIM unless RA Replacement Capacity for the incremental outage is required and provided or is not required; or
 - (2) on an Approved Maintenance Outage during the Resource Adequacy month that does not require RA Replacement Capacity under Section 9.3.1.3.3.
- (b) **Replacement Requirement Provided.** For each Maintenance Outage that a Resource Adequacy Resource requests less than 45 days prior to the start of the relevant resource adequacy month and that requires RA Replacement Capacity --
- (1) the RAAIM Availability Assessment for the resource excludes the capacity, duration, and must-offer requirement for Resource Adequacy Capacity on an Approved Maintenance Outage to the extent the resource provides RA Replacement Capacity for that outage as required under Section 9.3.1.3.3; and
 - (2) the RAAIM Availability Assessment for the replacement resource includes the capacity, duration, and must-offer requirement for the RA Replacement Capacity commitment.
- (c) **Replacement Requirement Not Provided.** For each Maintenance Outage that a Resource Adequacy Resource requests less than 45 days prior to the start of the relevant resource

adequacy month, the RAAIM Availability Assessment for the resource includes the capacity, duration, and must-offer requirement for Resource Adequacy Capacity on an Approved Maintenance Outage to the extent the resource does not provide RA Replacement Capacity for the outage as required under Section 9.3.1.3.3.

40.9.3.5 Treatment of Forced Outages

(a) RA Substitute Capacity - Local And System

- (1) The RAAIM Availability Assessment for a Resource Adequacy Resource includes the capacity, duration, and must-offer requirement for Resource Adequacy Capacity on a Forced Outage, except to extent the resource provides RA Substitute Capacity for the outage in accordance with Section 40.9.3.6.
- (2) The RAAIM Availability Assessment for the substitute resource includes the capacity, duration, and must-offer requirement for the RA Substitute Capacity.

(b) RA Substitute Capacity - Flexible

- (1) The RAAIM Availability Assessment for a Flexible RA Resource includes the capacity, duration, and must-offer requirement for Flexible RA Capacity on a Forced Outage, except to extent the resource provides RA Substitute Capacity for that outage in accordance with Section 40.9.3.6.
- (2) The RAAIM Availability Assessment for the substitute resource includes the capacity, duration, and must-offer requirement for the RA Substitute Capacity.
- (3) For each day the substitute resource is committed to provide Flexible RA Capacity and/or RA Substitute Capacity in more than one Flexible Capacity Category, the RAAIM Availability Assessment applies the must-offer obligation for the highest quality Flexible Capacity Category to the total MWs of the flexible capacity requirement.

- (c) **Exclusions from RAAIM.** The RAAIM Availability Assessment excludes the capacity, duration, and must-offer requirement for local and/or system Resource Adequacy Capacity or Flexible RA Capacity on a Forced Outage in a nature of work category relating to an administrative action by the resource owner, a cause outside of the control of the resource owner, or a short-term use limitation, as those categories are specified in the Business Practice Manual.

- (d) Scheduling Coordinators for Resource Adequacy Resources with a PMax of at least one (1) MW but less than 10 MWs that do not meet the requirement to provide information on Forced Outages in accordance with Section 9.3.10 shall report outages and de-rates in accordance with the process set forth the Business Practice Manual.

40.9.3.6 Substitute Capacity

(a) Substitution

- (1) The Scheduling Coordinator for a Resource Adequacy Resource may provide RA Substitute Capacity for its local and/or system Resource Adequacy Capacity or Flexible RA Capacity on a Forced Outage or de-rate.
- (2) If the Resource Adequacy Resource on outage and the substituting resource do not have the same Scheduling Coordinator, the Scheduling Coordinator for the substituting resource must confirm and approve the proposed substitution in accordance with the process set forth in the Business Practice Manual.

(b) Availability

- (1) RA Substitute Capacity must be operationally available to the CAISO:
- (2) Capacity on, or scheduled to be on, a Forced Outage, Approved Maintenance Outage, or de-rate, is not operationally available and shall not qualify to be RA Substitute Capacity for the duration of the period that it is unavailable.
- (3) RA Replacement Capacity, RMR Capacity, CPM Capacity, and capacity committed to be Resource Adequacy Capacity in a monthly Supply Plan shall not qualify to be RA Substitute Capacity for the duration of that commitment.
- (4) RA Substitute Capacity shall not qualify to be RA Replacement Capacity, RMR Capacity, CPM Capacity, or Resource Adequacy Capacity in a monthly Supply Plan, for the duration of the substitution.
- (5) If a resource provides RA Substitute Capacity for multiple Resource Adequacy Resources under Section 40.9.3.6.3, the same capacity committed as RA Substitute Capacity for one Resource Adequacy Resource shall not qualify as RA Substitute Capacity for a different Resource Adequacy Resource during the same substitution

period.

- (6) RA Substitute Capacity will be treated as Resource Adequacy Capacity during the period of substitution for purposes of a Forced Outage or de-rate allocation.

(c) **Timing of Substitution Request**

- (1) **Day-Ahead Market.** Requests for substitution in the Day-Ahead Market must be submitted in accordance with the timeline specified in the Business Practice Manual and be approved by the CAISO to be included in the Day-Ahead Market for the next Trading Day. Requests for substitution in the Day-Ahead Market submitted at or after the timeline specified in the Business Practice Manual and that are approved by the CAISO will be included in the Day-Ahead Market for the second Trading Day.
- (2) **Real-Time Market.** Requests for substitution in the Real-Time Market must be submitted in accordance with the timeline in the Business Practice Manual.

40.9.3.6.1 RA Substitute Capacity From A Single Resource

- (a) **Option.** The Scheduling Coordinator for a Resource Adequacy Resource that is on a Forced Outage or de-rate may provide RA Substitute Capacity for that capacity from a single resource.

(b) **Local Capacity Area Resource Substitution**

- (1) **Pre-Qualified Substitution.**
 - (A) **Annual Process.** The CAISO will annually conduct a process to assess the eligibility of resources to pre-qualify as RA Substitute Capacity for Local Capacity Resource Adequacy Resources. The CAISO will publish a list of the pre-qualified resources in accordance with the timeline in the Business Practice Manual.
 - (B) **Pre-Qualification Requirement.** The CAISO will pre-qualify a resource to provide RA Substitute Capacity that is located at the same bus as, or a compatible bus to, that of the Local Capacity Area Resource Adequacy Resource for which it could substitute.
 - (C) **Request.** To use a pre-qualified resource in the Day-Ahead Market or Real-Time Market as RA Substitute Capacity, the Scheduling Coordinator for the Local

Capacity Area Resource Adequacy Resource on a Forced Outage or de-rate must submit a timely substitution request in accordance with Section 40.9.3.6(c).

(D) **Approval.** The CAISO will grant a request that meets the requirements in Sections 40.9.3.6.1(b)(1)(C) and 40.9.3.6(b).

(2) **Non-Pre-Qualified Substitution.**

(A) **Day-Ahead Market.** The Scheduling Coordinator for a Local Capacity Area Resource Adequacy Resource on a Forced Outage or de-rate may submit a request to substitute a non-pre-qualified resource only in the Day-Ahead Market.

(B) **Request.** To use a non-pre-qualified resource as RA Substitute Capacity, the Scheduling Coordinator for the Local Capacity Area Resource Adequacy Resource must submit a timely substitution request in accordance with Section 40.9.3.6(c), and the alternate resource must be located in the same Local Capacity Area.

(C) **Approval.** The CAISO will grant a request that meets the requirements in Sections 40.9.3.6.1(b)(2)(A) and (B), and 40.9.3.6(b).

(c) **Non-Local Capacity Area Resource Substitution**

(1) **Request.** To use a resource as RA Substitute Capacity, the Scheduling Coordinator for a non-Local Capacity Area Resource Adequacy Resource that has a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market or Real-Time Market in accordance with Section 40.9.3.6(c).

(2) **Approval.** The CAISO will grant the request if the alternate resource has adequate deliverable capacity to provide the RA Substitute Capacity and meets the requirements in Sections 40.9.3.6.1(c)(1) and 40.9.3.6(b).

(d) **External Resources**

(1) **Request.** To use a Dynamic System Resource, Non-Dynamic System Resource, NRS-RA Resource, or Pseudo-Tie as RA Substitute Capacity, the Scheduling Coordinator for a Resource Adequacy Resource that has a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market in accordance with Section

40.9.3.6(c).

- (2) **Approval.** The CAISO will grant the request if the alternate resource is external to the CAISO Balancing Authority Area (including Pseudo-Ties), the Scheduling Coordinator for the resource has an adequate available import allocation at the resource's Scheduling Point to provide the RA Substitute Capacity, and meets the requirements in Sections 40.9.3.6.1(d)(1) and 40.9.3.6(b).

(e) **Flexible RA Capacity**

- (1) **Request.** To use a resource as RA Substitute Capacity, the Scheduling Coordinator for the Flexible RA Resource that has a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market or Real-Time Market in accordance with Section 40.9.3.6(c) and specify the MW of RA Substitute Capacity to be provided, which may not exceed the MWs of the outage.
- (2) **Approval.** The CAISO will grant the request if the alternate resource has adequate deliverable capacity to provide the RA Substitute Capacity, meets the applicable requirements in Sections 40.9.3.6.1(e) and 40.9.3.6(b), and is capable of meeting the must-offer obligation in Section 40.10.6 applicable to the highest quality Flexible Capacity Category for the MWs of the Flexible RA Capacity commitments of the resource on outage and the alternate resource.

40.9.3.6.2 RA Substitute Capacity From Multiple Resources

- (a) **Option.** The Scheduling Coordinator for a Resource Adequacy Resource on a Forced Outage or de-rate may submit a request to substitute that capacity with RA Substitute Capacity from multiple alternate resources, including a resource already providing RA Substitute Capacity for one or more Resource Adequacy Resources.

(b) **Local Capacity Area Resource Substitution**

- (1) **Request.** To use RA Substitute Capacity from multiple resources, the Scheduling Coordinator for the Local Capacity Area Resource Adequacy Resource on a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market in accordance with Section 40.9.3.6(c) if any of the alternate resources are not pre-qualified

to substitute for the resource on the outage; however, if all of the alternate resources are pre-qualified to provide RA Substitute Capacity for that resource, the request may be submitted in the Day-Ahead Market or Real-Time Market.

- (2) **Approval.** The CAISO will grant the request if it meets the requirements in Sections 40.9.3.6.2(b)(1) and 40.9.3.6(c) and the alternate resources are either pre-qualified, or are not pre-qualified but are located in the same Local Capacity Area as the Resource Adequacy Resource.

(c) **Non-Local Capacity Area Resources**

- (1) **Request.** To use RA Substitute Capacity from multiple resources, the Scheduling Coordinator for a non-Local Capacity Area Resource Adequacy Resource on a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market or the Real-Time Market in accordance with Section 40.9.3.6(c).
- (2) **Approval.** The CAISO will grant the request if all of the alternate resources meet the requirements in Sections 40.9.3.6.2(c)(1) and 40.9.3.6(c).

(d) **External Resources**

- (1) **Request.** To use multiple Dynamic System Resources, Non-Dynamic System Resources, NRS-RA Resources, or Pseudo-Ties as RA Substitute Capacity, the Scheduling Coordinator for a Resource Adequacy Resource that has a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market in accordance with Section 40.9.3.6(c).
- (2) **Approval.** The CAISO will grant the request if the alternate resources are external to the CAISO Balancing Authority Area (including Pseudo-Ties), and the Scheduling Coordinator of each alternate resource has an adequate available import allocation at the resource's Scheduling Point to provide the RA Substitute Capacity, and meet the requirements in Sections 40.9.3.6.e(d)(1) and 40.9.3.6(b).

(e) **Flexible RA Capacity**

- (1) **Request.** To use RA Substitute Capacity from multiple resources, the Scheduling Coordinator for a resource providing Flexible RA Capacity on a Forced Outage or de-rate

must submit a timely substitution request in the Day-Ahead Market or the Real-Time Market and the alternate resources must be located in the CAISO Balancing Authority Area, which does not include a Pseudo-Tie of a Generating Unit or a Resource-Specific System Resource.

- (2) **Approval.** The CAISO will grant the request if the alternate resources meet the requirements in Sections 40.9.3.6.2(d)(1) and 40.9.3.6(c).

40.9.3.6.3 Multiple Substitution by One Resource. The Scheduling Coordinator for a resource already providing RA Substitute Capacity may provide RA Substitute Capacity for one or more additional Resource Adequacy Resources on a Forced Outage or de-rate, subject to approval by the CAISO pursuant to Section 40.9.3.6.1 or 40.9.3.6.2.

40.9.3.6.4 Resource Adequacy Obligation. To the extent a resource provides RA Substitute Capacity, the resource must meet and comply with all requirements in Section 40 applicable to RA Substitute Capacity for the duration of the substitution; except that RA Substitute Capacity shall be released from this obligation and the substitution requirements in Section 40.9 -

- (a) at the end of the approved substitution period; or
- (b) upon request by either the Scheduling Coordinator for the resource on Forced Outage or the Scheduling Coordinator for the substitute resource, and approval by the other Scheduling Coordinator, in accordance with the process set forth in the Business Practice Manual.

40.9.3.6.5 Treatment of Unbid Capacity. If the Scheduling Coordinator for RA Substitute Capacity does not submit Bids or Self-Schedules for all or a portion of that capacity in accordance with Section 40.6 or 40.10.6, the CAISO --

- (1) will treat the unbid capacity as unavailable for purposes of Section 40.9; and
- (2) will reflect that unavailability in the RAIM availability calculation for the Resource Adequacy Resource providing the RA Substitute Capacity.

40.10.5 Flexible RA Capacity Plans

40.10.5.1 LSE Flexible RA Capacity Plans

- (a) **Submission Requirement.** A Scheduling Coordinator must submit annual and monthly LSE Flexible RA Capacity Plans for each Load Serving Entity it represents.
- (b) **Annual Plan.** Each annual LSE Flexible RA Capacity Plan must -
- (1) demonstrate that the Load Serving Entity has procured for each month at least 90 percent of the annual Flexible RA Capacity requirement determined by the CAISO; or the amount of Flexible RA Capacity required by the Load Serving Entity's Local Regulatory Authority, if the Local Regulatory Authority has set such requirement;
 - (2) identify the resources the Load Serving Entity intends to rely on to provide the Flexible RA Capacity, but need not identify the flexible resource adequacy categories; and
 - (3) include all information and be submitted no later than the last Business Day in October, in accordance with the reporting requirements and schedule set forth in the Business Practice Manual.
- (c) **Monthly Plan.** The monthly LSE Flexible RA Capacity Plan must --
- (1) demonstrate that the Load Serving Entity procured 100 percent of the total monthly Flexible RA Capacity requirement determined by the CAISO; or the monthly amount of Flexible RA Capacity required by the Local Regulatory Authority, if the Local Regulatory Authority has set such requirement;
 - (2) demonstrate that the Load Serving Entity met the total monthly requirement determined by the CAISO within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category; or only if the Local Regulatory Authority has established its own flexible capacity requirement, show that the Load Serving Entity has met the total monthly requirement determined by the Local Regulatory Authority within the minimum or maximum quantity for each Flexible Capacity Category required by the Local Regulatory Authority, if applicable;
 - (3) identify all resources the Load Serving Entity will rely on to provide the Flexible RA Capacity and for each resource specify the Flexible Capacity Category in which the Flexible RA Capacity will be provided; and

- (4) include all information and be submitted to the CAISO at least 45 days in advance of the first day of the month covered by the plan, in accordance with the reporting requirements and schedule set forth in the Business Practice Manual.
- (d) **Correction to Monthly Plan.** The Scheduling Coordinator for the Load Serving Entity may submit at any time from 45 days through 11 days in advance of the first day of the month covered by the plan, a revision to its monthly LSE Flexible RA Capacity Plan to correct an error in the plan. The CAISO will not accept any revisions to a monthly LSE Flexible RA Capacity Plan from 10 days in advance of the relevant month through the end of the month, unless the Scheduling Coordinator for the Load Serving Entity demonstrates good cause for the change and explains why it was not possible to submit the change earlier.

40.10.5.1.1 Load-Following MSS

- (1) Each Load-following MSS Load Serving Entity for which the CAISO has calculated an allocable share of the Flexible Capacity Need under Section 40.10.2.2 must submit annual and monthly LSE Flexible RA Capacity Plans pursuant to this Section 40.10.5.1 to identify the Flexible RA Capacity it is using to satisfy such requirement.
- (2) The Load-following MSS must increase the Flexible RA Capacity in its monthly plan by the MW amount of Capacity for a Variable Energy Resource that is initially shown as being included in the Load-following MSS Load Serving Entity's resource portfolio in the information required pursuant to Section 40.10.1.2, but is subsequently not included in the current MSS resource portfolio at the time the monthly LSE Flexible RA Capacity Plan is due for the applicable month.

40.10.5.2 Resource Flexible RA Capacity Plans

- (a) **Submission Requirement.** A Scheduling Coordinator must submit annual and monthly Resource Flexible RA Capacity Plans for each resource it represents that provides Flexible RA Capacity; except that an annual plan is not required for 2015.
- (b) **Annual Plan.** The annual Resource Flexible RA Capacity Plan shall --
 - (1) verify the resource's agreement to provide Flexible RA Capacity during the next Resource Adequacy Compliance Year; and

- (2) include all information and be submitted no later than the last Business Day in October, in accordance with the reporting requirements and schedule set forth in the Business Practice Manual.
- (c) **Monthly Plan.** The monthly Resource Flexible RA Capacity Plan shall --
- (1) verify the resource's agreement to provide Flexible RA Capacity during the month;
 - (2) include an affirmative representation by the Scheduling Coordinator submitting the plan that the CAISO is entitled to rely on the accuracy of the information provided in the plan to perform those functions set forth in this Section 40; and
 - (3) include all information and be submitted to the CAISO at least 45 days in advance of the first day of the month covered by the plan, in accordance with the reporting requirements and schedule set forth in the Business Practice Manual.
- (d) **Correction to Monthly Plan.** The Scheduling Coordinator for the resource may correct an error in the plan by submitting a revision to its monthly Resource Flexible RA Capacity Plan at any time from 45 days through 11 days in advance of the first day of the month covered by the plan. The CAISO will not accept any revisions to a monthly Resource Flexible RA Capacity Plan from 10 days in advance of the relevant month through the end of the month, unless the Scheduling Coordinator for the Resource demonstrates good cause for the change and explains why it was not possible to submit the change earlier.

40.10.5.3 Review of Flexible RA Capacity Plans

- (a) **Validation For Deficiency In An Individual LSE Plan.**
- (1) If the Local Regulatory Authority has not established its own flexible capacity procurement requirements, the CAISO will validate the annual and monthly LSE Flexible RA Capacity Plans for that Local Regulatory Authority's jurisdictional Load Serving Entities, and will use the Effective Flexible Capacity value for each resource calculated under Section 40.10.4. The CAISO will determine whether each Load Serving Entity met its annual or monthly total Flexible RA Capacity Requirement, and for the monthly LSE Flexible RA Capacity Plan, whether it met the total monthly requirement within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category.

- (2) If the Local Regulatory Authority has established its own flexible capacity procurement requirements, the CAISO will not validate the individual LSE Flexible Capacity Plans for that Local Regulatory Authority's jurisdictional Load Serving Entities.
- (b) **Identification of Discrepancy.** The CAISO will compare all LSE Flexible RA Capacity Plans and Resource Flexible RA Capacity Plans to identify any discrepancy in the Resource Adequacy Resources listed or the amount of the Resource Adequacy Capacity committed.
- (c) **Evaluation For Cumulative Deficiency.**
 - (1) The CAISO will evaluate the annual LSE Flexible RA Capacity Plans of all Load Serving Entities on a cumulative basis to determine whether the total amount of Flexible RA Capacity shown in the plans meets 90 percent of the annual Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43.2.7(a).
 - (2) The CAISO will evaluate the monthly Flexible RA Capacity Plans of all Load Serving Entities to determine whether (i) the total amount of Flexible RA Capacity shown in the plans, limited to the maximum monthly requirement for each category, meets the applicable monthly Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43.2.7(b)(1); or (ii) the total amount of Flexible RA Capacity shown in the base ramping Flexible Capacity Category in the plans meets the minimum monthly requirement for the base ramping Flexible Capacity Category determined by the CAISO pursuant to Section 40.10.1.5 or whether a cumulative deficiency may exist under Section 43.2.7(b)(2).
- (d) **Calculation of Flexible RA Capacity.** The CAISO will calculate the amount of Flexible RA Capacity included in the annual and monthly Flexible RA Capacity Plans using the MW amount of Flexible RA Capacity for each resource designated in a plan as a Flexible RA Capacity Resource up to the Effective Flexible Capacity value for the resource calculated under Section 40.10.4.
- (e) **Allocated Flexible RA Capacity Requirement.** The CAISO will calculate the Load Serving Entity's allocated annual and monthly Flexible RA Capacity Requirement --

- (1) For Load Serving Entities within a Local Regulatory Authority that has not adopted its own allocation methodology, the CAISO will calculate the Load Serving Entity's allocated requirement based on the CAISO's allocation methodology set forth in Section 40.10.2.
- (2) For Load Serving Entities within a Local Regulatory Authority that has adopted its own allocation methodology, the CAISO will use that Local Regulatory Authority's methodology for the Local Regulatory Authority's jurisdictional Load Serving Entities.

40.10.5.4 Deficiency in LSE Flexible RA Capacity Plan

- (a) **Finding and Notification.** If the CAISO's validation under Section 40.10.5.3(a) finds either (i) that the total amount of Flexible RA Capacity included in an annual or monthly LSE Flexible RA Capacity Plan is not sufficient to satisfy the Load Serving Entity's allocated Flexible RA Capacity Requirement or (ii) that the total monthly requirement in a monthly LSE Flexible RA Capacity Plan was not met within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category, the CAISO will --
 - (1) notify the relevant Scheduling Coordinator, and the Local Regulatory Authority or federal agency with jurisdiction over the relevant Load Serving Entity, in an attempt to resolve any deficiency in accordance with the procedures set forth in the Business Practice Manual; and
 - (2) provide the notice at least 25 days in advance of the first day of the month covered by the plan and include the reasons the CAISO believes a deficiency exists.
- (b) **Resolved Deficiency.** If the CAISO issues a notice of deficiency under Section 40.10.5.4(a), and the deficiency is resolved, the Scheduling Coordinator for the Load Serving Entity shall -
 - (1) demonstrate, no less than 11 days prior to the first day of the month covered by the LSE Flexible RA Capacity Plan, that the identified deficiency is cured by submitting a revised LSE Flexible RA Capacity Plan, or
 - (2) advise the CAISO that the Load Serving Entity's Local Regulatory Authority, or federal agency, as appropriate, has determined that no deficiency exists.
- (c) **Unresolved Deficiency.** If the CAISO issues a notice of deficiency under Section 40.10.5.4(a) and is not advised that the deficiency is resolved, the CAISO will use the information contained in

the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43.

40.10.5.5 Discrepancy Between Flexible RA Capacity Plans.

- (a) **Finding and Notification.** If the CAISO's review under Section 40.10.5.3(b) finds a discrepancy between an LSE Flexible RA Capacity Plan and a Resource Flexible RA Capacity Plan, the CAISO will --
- (1) notify the relevant Scheduling Coordinators of the mismatch in an attempt to resolve the discrepancy in accordance with the procedures set forth in the Business Practice Manual; and
 - (2) provide the notice at least 25 days in advance of the first day of the month covered by the plans and include the reasons the CAISO believes a discrepancy exists.
- (b) **Resolved Discrepancy.** If the CAISO issues a notice of discrepancy under Section 40.10.5.5(a) and the discrepancy is resolved, the Scheduling Coordinator must provide the CAISO with a revised LSE Flexible RA Capacity Plan or Resource Flexible RA Capacity Plan, as applicable, no less than 11 days prior to the first day of the month covered by the plans.
- (c) **Unresolved Discrepancy.** If the CAISO issues a notice of discrepancy under Section 40.10.5.5(a) and is not advised that the discrepancy is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43.

40.10.5.6 LRA Deficiency.

- (a) **Finding and Notification.** If the CAISO's evaluation under Section 40.10.5.3(c) finds a cumulative deficiency in Flexible RA Capacity, the CAISO will --
- (1) identify each Local Regulatory Authority that did not meet its allocable share of the Flexible Capacity Need using the cumulative amount of Flexible RA Capacity that the Local Regulatory Authority's jurisdictional Load Serving Entities included in their annual and monthly Flexible RA Capacity Plans in total and, for the monthly Flexible RA Capacity Plans, in each Flexible Capacity Category;

- (2) identify each Load Serving Entity that (i) is subject to the jurisdiction of a Local Regulatory Authority that did not meet its allocable share of the Flexible Capacity Need under Section 40.10.5.6, and (ii) did not include sufficient Flexible RA Capacity in an annual or monthly plan to meet its allocated Flexible RA Capacity Requirement or did not meet the monthly requirement within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category, based on the allocation methodology of the Local Regulatory Authority if it has established its own methodology for allocating the Flexible Capacity Need to its jurisdictional Load Serving Entities;
 - (3) notify each Local Regulatory Authority identified under Section 40.10.5.6(a)(1) and the Scheduling Coordinator for each Load Serving Entity identified under Section 40.10.5.6(a)(2) of the cumulative deficiency in an attempt to resolve any deficiency in accordance with the procedures set forth in the Business Practice Manual; and
 - (4) provide the notice at least 25 days in advance of the first day of the month covered by the plan and include the reasons the CAISO believes a cumulative deficiency exists.
- (b) **Resolved Deficiency.** If the CAISO provides a notice of cumulative deficiency under Section 40.10.5.6(a), and the deficiency is resolved, the Scheduling Coordinator for the Load Serving Entity shall demonstrate, no less than 11 days prior to the first day of the month covered by the LSE Flexible RA Capacity Plan, that the identified deficiency is cured by submitting a revised LSE Flexible RA Capacity Plan.
- (c) **Unresolved Deficiency.** If the CAISO provides a notice of deficiency under Section 40.10.5.6(a) and is not advised that the deficiency is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43.

Attachment B – Marked Tariff Records

Compliance Filing: Reliability Services Initiative-Phase1A

California Independent System Operator Corporation

~~40.2.4 Load Following MSS [currently effective]—see accepted language next page~~

~~A Scheduling Coordinator for a Load following MSS must provide an annual Resource Adequacy Plan that sets forth, at a minimum, the Local Capacity Area Resources, if any, procured by the Load following MSS as described in Section 40.3. The annual Resource Adequacy Plan shall utilize the annual coincident peak Demand determination provided by the California Energy Commission for such Load following MSS using Demand Forecast data submitted to the California Energy Commission by the Load following MSS, or, if the California Energy Commission does not produce coincident peak Demand Forecasts for the Load following MSS, the annual coincident peak Demand Forecast produced by the CAISO for such Load following MSS in accordance with its Business Practice Manual using Demand Forecast data submitted to the CAISO by the Load following MSS. The Local Capacity Area Resources identified by the annual Resource Adequacy Plan submitted by the Load following MSS shall be subject to the Availability Standards, Non-Availability Charge, and Availability Incentive Payment specified in Section 40.9.~~

40.2.4 Load Following MSS

(1) **Applicability.** Unless otherwise provided in Section 40, Scheduling Coordinators for Load Following MSSs are subject solely to Sections 40.2.4, 40.3, and with respect to their Local Capacity Area Resources identified in accordance with Section 40.2.4, Section 40.9, and with respect to Flexible Resource Adequacy Capacity, Section 40.10.

(2) **Annual RA Plan.** A Scheduling Coordinator for a Load-following MSS must provide an annual Resource Adequacy Plan that sets forth, at a minimum, the Local Capacity Area Resources, if any, procured by the Load-following MSS as described in Section 40.3. The annual Resource Adequacy Plan shall utilize the annual coincident peak Demand determination provided by the California Energy Commission for such Load-following MSS using Demand Forecast data submitted to the California Energy Commission by the Load-following MSS, or, if the California Energy Commission does not produce coincident peak Demand Forecasts for the Load-following MSS, the annual coincident peak Demand Forecast produced by the CAISO for such Load-

following MSS in accordance with its Business Practice Manual using Demand Forecast data submitted to the CAISO by the Load-following MSS. .

(32) Monthly RA Plan and Supply Plan. The Scheduling Coordinator for a Load-following MSS must submit a monthly Resource Adequacy Plan and Supply Plan on the schedule set forth in the Business Practice Manual.

40.6.4 Use-Limited Resources Additional Availability Requirements

40.6.4.1 Registration of Use-Limited Resources

Hydroelectric Generating Units, Proxy Demand Resources, Reliability Demand Response Resources, and Participating Load, including Pumping Load, are deemed to be Use-Limited Resources for purposes of this Section 40 and are not required to submit the application described in this Section 40.6.4.1.

Scheduling Coordinators for other Use-Limited Resources must provide the CAISO an application in the form specified on the CAISO Website requesting registration of a specifically identified resource as a Use-Limited Resource. This application shall include specific operating data and supporting documentation including, but not limited to:

- (1) a detailed explanation of why the resource is subject to operating limitations;
- (2) historical data to show attainable MWhs for each 24-hour period during the preceding year, including, as applicable, environmental restrictions for NOx, SOx, or other factors; and
- (3) further data or other information as may be requested by the CAISO to understand the operating characteristics of the unit.

Within five (5) Business Days after receipt of the application, the CAISO will respond to the Scheduling Coordinator as to whether or not the CAISO agrees that the facility is eligible to be a Use-Limited Resource. If the CAISO determines the facility is not a Use-Limited Resource, the Scheduling Coordinator may challenge that determination in accordance with the CAISO ADR Procedures.

40.6.4.2 Use Plan

The Scheduling Coordinator shall provide for the following Resource Adequacy Compliance Year a proposed annual use plan for each Use-Limited Resource that is a Resource Adequacy Resource. For

each Use-Limited Resource that is a Resource Adequacy Resource but is not a Reliability Demand Response Resource, the proposed annual use plan will provide the information described in the Business Practice Manual. The CAISO will have an opportunity to discuss the proposed annual use plan with the Scheduling Coordinator and suggest potential revisions to meet reliability needs of the system. The Scheduling Coordinator shall then submit its final annual use plan. Scheduling Coordinators for Use-Limited Resources must submit the proposed and final annual use plans, and any updates to those use plans, in accordance with the schedule set forth in the Business Practice Manual. The annual use plan must reflect the potential operation of the Use-Limited Resource at a level no less than the minimum criteria set forth by the Local Regulatory Authority for qualification of the resource.

40.6.4.3 Bidding Requirements on Use-Limited Resources

40.6.4.3.1 Non-Hydro, Non-RDRR, and Dispatchable Use-Limited Resources

Use-Limited Resources, other than those subject to the provisions of 40.6.4.3.2, must submit a Supply Bid or Self-Schedule for their Resource Adequacy Capacity in the Day-Ahead Market whenever the Use-Limited Resources are physically capable of operating in accordance with their operating criteria, including environmental or other regulatory requirements. Use-Limited Resources will also provide a daily Energy limit as part of their Day-Ahead Market offer to enable the CAISO to schedule them for the period in which they are capable of providing the Energy. To the extent that the daily Energy limit has been reached through Self-Schedules, no further action will be taken by the CAISO, unless rescheduling of the Energy is necessary for System Reliability. Use-Limited Resources will attempt to reschedule the Energy in recognition of the System Reliability concern, to the extent that the change is possible without violating a Use-Limited Resource's operating criteria.

40.6.4.3.2 Hydro, RDRR, and Non-Dispatchable Use-Limited Resources

(a) Must-Offer Obligation.

- (1) Hydroelectric Generating Units, Pumping Load, and Non-Dispatchable Use-Limited Resources, but not Reliability Demand Response Resources, shall submit Self-Schedules or Bids in the Day-Ahead Market for their expected available Energy or their expected as-available Energy, as applicable, in the Day-Ahead Market and RTM. Such resources shall also revise their Self-Schedules or submit additional Bids in RTM based

on the most current information available regarding Expected Energy deliveries.

- (2) Hydroelectric Generating Units, Pumping Load, Reliability Demand Response Resources, Non-Dispatchable Use-Limited Resources, and Resource Adequacy Resources providing Regulatory Must-Take Capacity are not required to submit RUC Availability Bids for that capacity, but any such bids they do submit must be \$0/MW RUC Availability Bids.
- (3) Participating Load that is Pumping Load shall submit Non-Spin Ancillary Services Economic Bids for Energy and/or a Submission to Self-Provide Non-Spin Ancillary Services in the Day-Ahead Market for its Resource Adequacy Capacity that is certified to provide Non-Spinning Reserve Ancillary Service, and Economic Bids for Energy in the Real-Time Market for its Non-Spinning Reserve Capacity that receives an Ancillary Service Award in the Day-Ahead Market.

- (b) **Determination of Non-Dispatchable Status.** The CAISO will retain discretion as to whether a particular resource should be considered a Non-Dispatchable Use-Limited Resource, and this decision will be made in accordance with the provisions of Section 40.6.4.1.

40.6.4.3.3 Availability of Use-Limited Resources During System Emergencies

All Use-Limited Resources remain subject to Section 7.7.2.3 regarding System Emergencies to the extent the Use-Limited Resource is owned or controlled by a Participating Generator.

40.6.4.3.4 Availability of Intermittent Resources

Any Eligible Intermittent Resource that provides Resource Adequacy Capacity may, but is not required to, submit Bids in the Day-Ahead Market.

40.6.4.3.5 Proxy Demand Resources

- (a) Short Start and Medium Start Proxy Demand Resources that provide Resource Adequacy Capacity shall submit \$0/MW RUC Availability Bids for all of their Resource Adequacy Capacity for all hours of the month the resource is physically available; however, any RUC schedule for these resources will not be binding.
- b) Long Start Proxy Demand Resources are not required to submit Bids or Self Schedules in the RUC for their Resource Adequacy Capacity.

40.9.3 Availability Assessment

40.9.3.1 Local and System RA Capacity Availability

(a) Availability Assessment Hours

- (1) Prior to the start of each Resource Adequacy Compliance Year, the CAISO shall establish and publish in the Business Practice Manual the Availability Assessment Hours applicable for resources providing local and/or system Resource Adequacy Capacity for each month of that year.
- (2) The Availability Assessment Hours shall be a pre-defined set of five consecutive hours for each month that --
 - (A) correspond to the operating periods when high demand conditions typically occur and when the availability of Resource Adequacy Capacity is most critical to maintaining system reliability;
 - (B) vary by season as necessary so that the coincident peak load hour typically falls within the five-hour range each day during the month, based on historical actual load data; and
 - (C) apply to each Trading Day that is a weekday and not a federal holiday.

- (b) **Must Offer Availability Assessment.** The CAISO shall determine the extent to which each resource providing local and/or system Resource Adequacy Capacity made that capacity available to the CAISO in each Availability Assessment Hour of the day by comparing --

- (1) the MWs of local and/or system Resource Adequacy Capacity for which the Scheduling Coordinator for the resource submitted Economic Bids or Self-Schedules in the Day-Ahead Market and the Real-Time Market; and
- (2) the MWs of local and/or system Resource Adequacy Capacity for which the Scheduling Coordinator for the resource was required to submit Economic Bids or Self-Schedules in the CAISO Markets under the must-offer requirements applicable under Section 40.6.

40.9.3.2 Flexible RA Capacity Availability

- (a) **Availability Assessment Hours.** The Availability Assessment Hours for a Flexible RA Resource

shall be the same period as the must-offer obligation for the Flexible Capacity Category that is designated on the Resource Flexible RA Capacity Plan for that month, as set forth in Section 40.10.6.

- (b) **Must-Offer Availability Assessment.** The CAISO shall determine the extent to which each Flexible RA Resource made that capacity available in each Availability Assessment Hour of the day by comparing --
 - (A) the MWs of Flexible RA Capacity for which the Scheduling Coordinator for the resource submitted Economic Bids in the Day-Ahead Market and the Real-Time Market; and
 - (B) the MWs of Flexible RA Capacity for which the Scheduling Coordinator for the resource was required to submit Economic Bids in the CAISO Markets under the must-offer requirements applicable under Section 40.10.6.
- (c) **Flexible Capacity Category.** If a Flexible RA Resource is designated to provide Flexible RA Capacity and/or RA Substitute Capacity in more than one Flexible Capacity Category on the same day, the CAISO will assess the availability of the resource using the must-offer obligation for the highest quality of Flexible Capacity Category designated.
- (d) **Start-Up Less Than 90 Minutes.** For resources with a start-up time less than 90 minutes, the CAISO will use the resource's MWs of capacity from zero to the EFC value to assess the availability of the designated Flexible RA Capacity; provided that the Scheduling Coordinator for the resource does not submit Self-Schedules for the capacity from zero to PMin or for any portion of the capacity under the must-offer obligation for Energy. If the Scheduling Coordinator for the resource submits a Self-Schedule, the CAISO will deduct the MW value of PMin from the calculation of the resource's Flexible RA Capacity availability,
- (e) **Start-Up Greater Than 90 Minutes.** For resources with a start-up time greater than 90 minutes, the CAISO will use the MWs of capacity between the resource's PMin and EFC value in the availability assessment and validate whether the Scheduling Coordinator for the resource submitted Economic Bids for all MWs designated on the Resource Flexible RA Capacity Plan.
- (f) **Variable Energy Resources**

- (1) **Flexible RA Capacity Equal to EFC.** If the Flexible RA Capacity designated on the monthly Resource Flexible RA Capacity Plan is equal to the resource's EFC value, the CAISO will assess the availability of the designated Flexible RA Capacity based on the Economic Bids for Flexible RA Capacity the Scheduling Coordinator for the resource submitted up to the MWs in the Variable Energy Resource forecast applicable under Section 4.8.2.
- (2) **Flexible RA Capacity Less Than EFC.** If the Flexible RA Capacity designated in the monthly Resource Flexible RA Capacity Plan is less than the EFC value for the resource, the CAISO will assess availability using the ratio of the amount shown on the monthly plan to the relevant EFC value, and applies that ratio to the MWs of Economic Bids and the Variable Energy Resource forecast.
- (3) **VER Forecast Less Than Flexible RA Capacity.** If the MWs in the Variable Energy Resource forecast are less than the MWs of Flexible RA Capacity designated in the monthly Resource Flexible RA Capacity Plan, and the Economic Bids are greater than or equal to the forecast amount for that hour, the resource is 100 percent available up to the forecast amount.
- (4) **VER Forecast Greater Than Flexible RA Capacity.** If the MWs in the Variable Energy Resource forecast are greater than the MWs of Flexible RA Capacity designated in the monthly Resource Flexible RA Capacity Plan, the Scheduling Coordinator for the resource must submit Economic Bids equal to the forecast amount. If the Scheduling Coordinator for the resource submits Economic Bids for MWs above the forecast, or the resource generates above the forecast, the CAISO will limit the calculated availability to the forecast amount.
- (5) **No Day-Ahead Market Obligation.** For Variable Energy Resources that do not have an obligation to submit Economic Bids into the Day-Ahead Market, the CAISO will base the availability assessment of the Flexible RA Capacity only on the resource's Economic Bids in the Real-Time Market.

40.9.3.3

Availability for Overlapping Local/System and Flexible RA Capacity

- (a) **Overlap Determination.** The availability assessment for overlapping Resource Adequacy commitments shall apply to those hours in which a resource was subject to the must-offer obligations for local and/or system Resource Adequacy Capacity and Flexible RA Capacity in any Availability Assessment Hour and for any portion of the same capacity.
- (b) **Must-Offer Availability Assessment.** The CAISO shall determine the extent to which each resource with overlapping Resource Adequacy commitments made that capacity available to the CAISO in each overlapping Availability Assessment Hour of the day by comparing --
- (1) the MWs of local and/or system Resource Adequacy Capacity and Flexible RA Capacity for which the Scheduling Coordinator for the resource submitted Economic Bids in the Day-Ahead Market and the Real-Time Market; and
 - (2) the MWs of local and/or system Resource Adequacy Capacity and Flexible RA Capacity for which the Scheduling Coordinator for the resource was required to submit Economic Bids in the CAISO Markets, in accordance with the applicable must-offer requirements in Sections 40.6 and 40.10.6.
- (c) **Calculation.** The CAISO's calculation of the Availability Assessment for overlapping RA commitments shall count-
- (1) any portion of the overlapping MW only once; and
 - (2) the total MWs of capacity at the higher of the Resource Adequacy Capacity commitment or the Flexible RA Capacity commitment.

40.9.3.4 Treatment of Maintenance Outages

- (a) **Replacement Not Required.** The RAAIM Availability Assessment for a Resource Adequacy Resource excludes the capacity, duration, and must-offer requirements for Resource Adequacy Capacity --
- (1) with an Approved Maintenance Outage or pending request for a Maintenance Outage as of 45 days prior to the start date of the Resource Adequacy month; however any subsequent incremental increase in the MWs or duration of the outage will be subject to RAAIM unless RA Replacement Capacity for the incremental outage is required and provided or is not required; or

(2) on an Approved Maintenance Outage during the Resource Adequacy month that does not require RA Replacement Capacity under Section 9.3.1.3.3.

(b) **Replacement Requirement Provided.** For each Maintenance Outage that a Resource Adequacy Resource requests less than 45 days prior to the start of the relevant resource adequacy month and that requires RA Replacement Capacity --

(1) the RAAIM Availability Assessment for the resource excludes the capacity, duration, and must-offer requirement for Resource Adequacy Capacity on an Approved Maintenance Outage to the extent the resource provides RA Replacement Capacity for that outage as required under Section 9.3.1.3.3; and

(2) the RAAIM Availability Assessment for the replacement resource includes the capacity, duration, and must-offer requirement for the RA Replacement Capacity commitment.

(c) **Replacement Requirement Not Provided.** For each Maintenance Outage that a Resource Adequacy Resource requests less than 45 days prior to the start of the relevant resource adequacy month, the RAAIM Availability Assessment for the resource includes the capacity, duration, and must-offer requirement for Resource Adequacy Capacity on an Approved Maintenance Outage to the extent the resource does not provide RA Replacement Capacity for the outage as required under Section 9.3.1.3.3.

40.9.3.5 Treatment of Forced Outages

(a) **RA Substitute Capacity - Local And System** (1) The RAAIM Availability Assessment for a Resource Adequacy Resource includes the capacity, duration, and must-offer requirement for Resource Adequacy Capacity on a Forced Outage, except to extent the resource provides RA Substitute Capacity for the outage in accordance with Section 40.9.3.6.

(2) The RAAIM Availability Assessment for the substitute resource includes the capacity, duration, and must-offer requirement for the RA Substitute Capacity.

(b) **RA Substitute Capacity - Flexible**

(1) The RAAIM Availability Assessment for a Flexible RA Resource includes the capacity, duration, and must-offer requirement for Flexible RA Capacity on a Forced Outage,

except to extent the resource provides RA Substitute Capacity for that outage in accordance with Section 40.9.3.6.

- (2) The RAAIM Availability Assessment for the substitute resource includes the capacity, duration, and must-offer requirement for the RA Substitute Capacity.
 - (3) For each day the substitute resource is committed to provide Flexible RA Capacity and/or RA Substitute Capacity in more than one Flexible Capacity Category, the RAAIM Availability Assessment applies the must-offer obligation for the highest quality Flexible Capacity Category to the total MWs of the flexible capacity requirement.
- (c) **Exclusions from RAAIM.** The RAAIM Availability Assessment excludes the capacity, duration, and must-offer requirement for local and/or system Resource Adequacy Capacity or Flexible RA Capacity on a Forced Outage in a nature of work category relating to an administrative action by the resource owner, a cause outside of the control of the resource owner, or a short-term use limitation, as those categories are specified in the Business Practice Manual.
- (d) Scheduling Coordinators for Resource Adequacy Resources with a PMax of at least one (1) MW but less than 10 MWs that do not meet the requirement to provide information on Forced Outages in accordance with Section 9.3.10 shall report outages and de-rates in accordance with the process set forth the Business Practice Manual.

40.9.3.6 Substitute Capacity

(a) **Substitution**

- (1) The Scheduling Coordinator for a Resource Adequacy Resource may provide RA Substitute Capacity for its local and/or system Resource Adequacy Capacity or Flexible RA Capacity on a Forced Outage or de-rate.
- (2) If the Resource Adequacy Resource on outage and the substituting resource do not have the same Scheduling Coordinator, the Scheduling Coordinator for the substituting resource must confirm and approve the proposed substitution in accordance with the process set forth in the Business Practice Manual.

(b) **Availability**

- (1) RA Substitute Capacity must be operationally available to the CAISO:

- (2) Capacity on, or scheduled to be on, a Forced Outage, Approved Maintenance Outage, or de-rate, is not operationally available and shall not qualify to be RA Substitute Capacity for the duration of the period that it is unavailable.
- (3) RA Replacement Capacity, RMR Capacity, CPM Capacity, and capacity committed to be Resource Adequacy Capacity in a monthly Supply Plan shall not qualify to be RA Substitute Capacity for the duration of that commitment.
- (4) RA Substitute Capacity shall not qualify to be RA Replacement Capacity, RMR Capacity, CPM Capacity, or Resource Adequacy Capacity in a monthly Supply Plan, for the duration of the substitution.
- (5) If a resource provides RA Substitute Capacity for multiple Resource Adequacy Resources under Section 40.9.3.6.3, the same capacity committed as RA Substitute Capacity for one Resource Adequacy Resource shall not qualify as RA Substitute Capacity for a different Resource Adequacy Resource during the same substitution period.
- (6) RA Substitute Capacity will be treated as Resource Adequacy Capacity during the period of substitution for purposes of a Forced Outage or de-rate allocation.

(c) **Timing of Substitution Request**

- (1) **Day-Ahead Market.** Requests for substitution in the Day-Ahead Market must be submitted in accordance with the timeline specified in the Business Practice Manual and be approved by the CAISO to be included in the Day-Ahead Market for the next Trading Day. Requests for substitution in the Day-Ahead Market submitted at or after the timeline specified in the Business Practice Manual and that are approved by the CAISO will be included in the Day-Ahead Market for the second Trading Day.
- (2) **Real-Time Market.** Requests for substitution in the Real-Time Market must be submitted in accordance with the timeline in the Business Practice Manual.

40.9.3.6.1 RA Substitute Capacity From A Single Resource

- (a) **Option.** The Scheduling Coordinator for a Resource Adequacy Resource that is on a Forced Outage or de-rate may provide RA Substitute Capacity for that capacity from a single resource.

(b) **Local Capacity Area Resource Substitution**

(1) **Pre-Qualified Substitution.**

- (A) **Annual Process.** The CAISO will annually conduct a process to assess the eligibility of resources to pre-qualify as RA Substitute Capacity for Local Capacity Resource Adequacy Resources. The CAISO will publish a list of the pre-qualified resources in accordance with the timeline in the Business Practice Manual.
- (B) **Pre-Qualification Requirement.** The CAISO will pre-qualify a resource to provide RA Substitute Capacity that is located at the same bus as, or a compatible bus to, that of the Local Capacity Area Resource Adequacy Resource for which it could substitute.
- (C) **Request.** To use a pre-qualified resource in the Day-Ahead Market or Real-Time Market as RA Substitute Capacity, the Scheduling Coordinator for the Local Capacity Area Resource Adequacy Resource on a Forced Outage or de-rate must submit a timely substitution request in accordance with Section 40.9.3.6(c).
- (D) **Approval.** The CAISO will grant a request that meets the requirements in Sections 40.9.3.6.1(b)(1)(C) and 40.9.3.6(b).

(2) **Non-Pre-Qualified Substitution.**

- (A) **Day-Ahead Market.** The Scheduling Coordinator for a Local Capacity Area Resource Adequacy Resource on a Forced Outage or de-rate may submit a request to substitute a non-pre-qualified resource only in the Day-Ahead Market.
- (B) **Request.** To use a non-pre-qualified resource as RA Substitute Capacity, the Scheduling Coordinator for the Local Capacity Area Resource Adequacy Resource must submit a timely substitution request in accordance with Section 40.9.3.6(c), and the alternate resource must be located in the same Local Capacity Area.
- (C) **Approval.** The CAISO will grant a request that meets the requirements in Sections 40.9.3.6.1(b)(2)(A) and (B), and 40.9.3.6(b).

(c) **Non-Local Capacity Area Resource Substitution**

- (1) **Request.** To use a resource as RA Substitute Capacity, the Scheduling Coordinator for a non-Local Capacity Area Resource Adequacy Resource that has a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market or Real-Time Market in accordance with Section 40.9.3.6(c).
- (2) **Approval.** The CAISO will grant the request if the alternate resource has adequate deliverable capacity to provide the RA Substitute Capacity and meets the requirements in Sections 40.9.3.6.1(c)(1) and 40.9.3.6(b).

(d) **External Resources**

- (1) **Request.** To use a Dynamic System Resource, Non-Dynamic System Resource, NRS-RA Resource, or Pseudo-Tie as RA Substitute Capacity, the Scheduling Coordinator for a Resource Adequacy Resource that has a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market in accordance with Section 40.9.3.6(c).
- (2) **Approval.** The CAISO will grant the request if the alternate resource is external to the CAISO Balancing Authority Area (including Pseudo-Ties), the Scheduling Coordinator for the resource has an adequate available import allocation at the resource's Scheduling Point to provide the RA Substitute Capacity, and meets the requirements in Sections 40.9.3.6.1(d)(1) and 40.9.3.6(b).

(e) **Flexible RA Capacity**

- (1) **Request.** To use a resource as RA Substitute Capacity, the Scheduling Coordinator for the Flexible RA Resource that has a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market or Real-Time Market in accordance with Section 40.9.3.6(c) and specify the MW of RA Substitute Capacity to be provided, which may not exceed the MWs of the outage.
- (2) **Approval.** The CAISO will grant the request if the alternate resource has adequate deliverable capacity to provide the RA Substitute Capacity, meets the applicable requirements in Sections 40.9.3.6.1(e) and 40.9.3.6(b), and is capable of meeting the

must-offer obligation in Section 40.10.6 applicable to the highest quality Flexible Capacity Category for the MWs of the Flexible RA Capacity commitments of the resource on outage and the alternate resource.

40.9.3.6.2 RA Substitute Capacity From Multiple Resources

(a) **Option.** The Scheduling Coordinator for a Resource Adequacy Resource on a Forced Outage or de-rate may submit a request to substitute that capacity with RA Substitute Capacity from multiple alternate resources, including a resource already providing RA Substitute Capacity for one or more Resource Adequacy Resources.

(b) Local Capacity Area Resource Substitution

(1) **Request.** To use RA Substitute Capacity from multiple resources, the Scheduling Coordinator for the Local Capacity Area Resource Adequacy Resource on a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market in accordance with Section 40.9.3.6(c) if any of the alternate resources are not pre-qualified to substitute for the resource on the outage; however, if all of the alternate resources are pre-qualified to provide RA Substitute Capacity for that resource, the request may be submitted in the Day-Ahead Market or Real-Time Market.

(2) **Approval.** The CAISO will grant the request if it meets the requirements in Sections 40.9.3.6.2(b)(1) and 40.9.3.6(c) and the alternate resources are either pre-qualified, or are not pre-qualified but are located in the same Local Capacity Area as the Resource Adequacy Resource.

(c) Non-Local Capacity Area Resources

(1) **Request.** To use RA Substitute Capacity from multiple resources, the Scheduling Coordinator for a non-Local Capacity Area Resource Adequacy Resource on a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market or the Real-Time Market in accordance with Section 40.9.3.6(c).

(2) **Approval.** The CAISO will grant the request if all of the alternate resources meet the requirements in Sections 40.9.3.6.2(c)(1) and 40.9.3.6(c).

(d) External Resources

- (1) **Request.** To use multiple Dynamic System Resources, Non-Dynamic System Resources, NRS-RA Resources, or Pseudo-Ties as RA Substitute Capacity, the Scheduling Coordinator for a Resource Adequacy Resource that has a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market in accordance with Section 40.9.3.6(c).
- (2) **Approval.** The CAISO will grant the request if the alternate resources are external to the CAISO Balancing Authority Area (including Pseudo-Ties), and the Scheduling Coordinator of each alternate resource has an adequate available import allocation at the resource's Scheduling Point to provide the RA Substitute Capacity, and meet the requirements in Sections 40.9.3.6.e(d)(1) and 40.9.3.6(b).

(e) **Flexible RA Capacity**

- (1) **Request.** To use RA Substitute Capacity from multiple resources, the Scheduling Coordinator for a resource providing Flexible RA Capacity on a Forced Outage or de-rate must submit a timely substitution request in the Day-Ahead Market or the Real-Time Market and the alternate resources must be located in the CAISO Balancing Authority Area, which does not include a Pseudo-Tie of a Generating Unit or a Resource-Specific System Resource.
- (2) **Approval.** The CAISO will grant the request if the alternate resources meet the requirements in Sections 40.9.3.6.2(d)(1) and 40.9.3.6(c).

40.9.3.6.3 Multiple Substitution by One Resource. The Scheduling Coordinator for a resource already providing RA Substitute Capacity may provide RA Substitute Capacity for one or more additional Resource Adequacy Resources on a Forced Outage or de-rate, subject to approval by the CAISO pursuant to Section 40.9.3.6.1 or 40.9.3.6.2.

40.9.3.6.4 Resource Adequacy Obligation. To the extent a resource provides RA Substitute Capacity, the resource must meet and comply with all requirements in Section 40 applicable to RA Substitute Capacity for the duration of the substitution; except that RA Substitute Capacity shall be released from this obligation and the substitution requirements in Section 40.9 -

- (a) at the end of the approved substitution period; or

- (b) upon request by either the Scheduling Coordinator for the resource on Forced Outage or the Scheduling Coordinator for the substitute resource, and approval by the other Scheduling Coordinator, in accordance with the process set forth in the Business Practice Manual.

40.9.3.6.5 Treatment of Unbid Capacity. If the Scheduling Coordinator for RA Substitute Capacity does not submit Bids or Self-Schedules for all or a portion of that capacity in accordance with Section 40.6 or 40.10.6, the CAISO --

- (1) will treat the unbid capacity as unavailable for purposes of Section 40.9; and
- (2) will reflect that unavailability in the RAAIM availability calculation for the Resource Adequacy Resource providing the RA Substitute Capacity.

40.10.5 Flexible RA Capacity Plans

40.10.5.1 LSE Flexible RA Capacity Plans

(a) **Submission Requirement.** A Scheduling Coordinator must submit annual and monthly LSE Flexible RA Capacity Plans for each Load Serving Entity it represents.

(b) **Annual Plan.** Each annual LSE Flexible RA Capacity Plan must -

- (1) demonstrate that the Load Serving Entity has procured for each month at least 90 percent of the annual Flexible RA Capacity requirement determined by the CAISO; or the amount of Flexible RA Capacity required by the Load Serving Entity's Local Regulatory Authority, if the Local Regulatory Authority has set such requirement;
- (2) identify the resources the Load Serving Entity intends to rely on to provide the Flexible RA Capacity, but need not identify the flexible resource adequacy categories; and
- (3) include all information and be submitted no later than the last Business Day in October, in accordance with the reporting requirements and schedule set forth in the Business Practice Manual.

(c) **Monthly Plan.** The monthly LSE Flexible RA Capacity Plan must --

- (1) demonstrate that the Load Serving Entity procured 100 percent of the total monthly Flexible RA Capacity requirement determined by the CAISO; or the monthly amount of

Flexible RA Capacity required by the Local Regulatory Authority, if the Local Regulatory Authority has set such requirement;

- (2) demonstrate that the Load Serving Entity met the total monthly requirement determined by the CAISO within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category; or only if the Local Regulatory Authority has established its own flexible capacity requirement, show that the Load Serving Entity has met the total monthly requirement determined by the Local Regulatory Authority within the minimum or maximum quantity for each Flexible Capacity Category required by the Local Regulatory Authority, if applicable;
 - (3) identify all resources the Load Serving Entity will rely on to provide the Flexible RA Capacity and for each resource specify the Flexible Capacity Category in which the Flexible RA Capacity will be provided; and
 - (4) include all information and be submitted to the CAISO at least 45 days in advance of the first day of the month covered by the plan, in accordance with the reporting requirements and schedule set forth in the Business Practice Manual.
- (d) **Correction to Monthly Plan.** The Scheduling Coordinator for the Load Serving Entity may submit at any time from 45 days through 11 days in advance of the first day of the month covered by the plan, a revision to its monthly LSE Flexible RA Capacity Plan to correct an error in the plan. The CAISO will not accept any revisions to a monthly LSE Flexible RA Capacity Plan from 10 days in advance of the relevant month through the end of the month, unless the Scheduling Coordinator for the Load Serving Entity demonstrates good cause for the change and explains why it was not possible to submit the change earlier.

40.10.5.1.1 Load-Following MSS

- (1) Each Load-following MSS Load Serving Entity for which the CAISO has calculated an allocable share of the Flexible Capacity Need under Section 40.10.2.2 must submit annual and monthly LSE Flexible RA Capacity Plans pursuant to this Section 40.10.5.1 to identify the Flexible RA Capacity it is using to satisfy such requirement.

- (2) The Load-following MSS must increase the Flexible RA Capacity in its monthly plan by the MW amount of Capacity for ~~the~~ Variable Energy Resources that is initially shown as being included in the Load-following MSS Load Serving Entity's resource portfolio in the information required pursuant to Section 40.10.1.2, but is subsequently not included in the current MSS resource portfolio at the time the monthly LSE Flexible RA Capacity Plan is due for the applicable~~that~~ month.

40.10.5.2 Resource Flexible RA Capacity Plans

- (a) **Submission Requirement.** A Scheduling Coordinator must submit annual and monthly Resource Flexible RA Capacity Plans for each resource it represents that provides Flexible RA Capacity; except that an annual plan is not required for 2015.
- (b) **Annual Plan.** The annual Resource Flexible RA Capacity Plan shall --
- (1) verify the resource's agreement to provide Flexible RA Capacity during the next Resource Adequacy Compliance Year; and
 - (2) include all information and be submitted no later than the last Business Day in October, in accordance with the reporting requirements and schedule set forth in the Business Practice Manual.
- (c) **Monthly Plan.** The monthly Resource Flexible RA Capacity Plan shall --
- (1) verify the resource's agreement to provide Flexible RA Capacity during the month;
 - (2) include an affirmative representation by the Scheduling Coordinator submitting the plan that the CAISO is entitled to rely on the accuracy of the information provided in the plan to perform those functions set forth in this Section 40; and
 - (3) include all information and be submitted to the CAISO at least 45 days in advance of the first day of the month covered by the plan, in accordance with the reporting requirements and schedule set forth in the Business Practice Manual.
- (d) **Correction to Monthly Plan.** The Scheduling Coordinator for the resource may correct an error in the plan by submitting a revision to its monthly Resource Flexible RA Capacity Plan at any time from 45 days through 11 days in advance of the first day of the month covered by the plan. The CAISO will not accept any revisions to a monthly Resource Flexible RA Capacity Plan from 10

days in advance of the relevant month through the end of the month, unless the Scheduling Coordinator for the Resource demonstrates good cause for the change and explains why it was not possible to submit the change earlier.

40.10.5.3 Review of Flexible RA Capacity Plans

(a) Validation For Deficiency In An Individual LSE Plan.

- (1) If the Local Regulatory Authority has not established its own flexible capacity procurement requirements, the CAISO will validate the annual and monthly LSE Flexible RA Capacity Plans for that Local Regulatory Authority's jurisdictional Load Serving Entities, and will use the Effective Flexible Capacity value for each resource calculated under Section 40.10.4. The CAISO will determine whether each Load Serving Entity met its annual or monthly total Flexible RA Capacity Requirement, and for the monthly LSE Flexible RA Capacity Plan, whether it met the total monthly requirement within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category.
- (2) If the Local Regulatory Authority has established its own flexible capacity procurement requirements, the CAISO will not validate the individual LSE Flexible Capacity Plans for that Local Regulatory Authority's jurisdictional Load Serving Entities.

(b) **Identification of Discrepancy.** The CAISO will compare all LSE Flexible RA Capacity Plans and Resource Flexible RA Capacity Plans to identify any discrepancy in the Resource Adequacy Resources listed or the amount of the Resource Adequacy Capacity committed.

(c) Evaluation For Cumulative Deficiency.

- (1) The CAISO will evaluate the annual LSE Flexible RA Capacity Plans of all Load Serving Entities on a cumulative basis to determine whether the total amount of Flexible RA Capacity shown in the plans meets 90 percent of the annual Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43.2.7(a).
- (2) The CAISO will evaluate the monthly Flexible RA Capacity Plans of all Load Serving Entities to determine whether (i) the total amount of Flexible RA Capacity shown in the plans, limited to the maximum monthly requirement for each category, meets the

applicable monthly Flexible Capacity Need determined by the CAISO pursuant to Section 40.10.1 or whether a cumulative deficiency may exist under Section 43.2.7(b)(1); or (ii) the total amount of Flexible RA Capacity shown in the base ramping Flexible Capacity Category in the plans meets the minimum monthly requirement for the base ramping Flexible Capacity Category determined by the CAISO pursuant to Section 40.10.1.5 or whether a cumulative deficiency may exist under Section 43.2.7(b)(2).

- (d) **Calculation of Flexible RA Capacity.** The CAISO will calculate the amount of Flexible RA Capacity included in the annual and monthly Flexible RA Capacity Plans using the MW amount of Flexible RA Capacity for each resource designated in a plan as a Flexible RA Capacity Resource up to the Effective Flexible Capacity value for the resource calculated under Section 40.10.4.
- (e) **Allocated Flexible RA Capacity Requirement.** The CAISO will calculate the Load Serving Entity's allocated annual and monthly Flexible RA Capacity Requirement --
 - (1) For Load Serving Entities within a Local Regulatory Authority that has not adopted its own allocation methodology, the CAISO will calculate the Load Serving Entity's allocated requirement based on the CAISO's allocation methodology set forth in Section 40.10.2.
 - (2) For Load Serving Entities within a Local Regulatory Authority that has adopted its own allocation methodology, the CAISO will use that Local Regulatory Authority's methodology for the Local Regulatory Authority's jurisdictional Load Serving Entities.

40.10.5.4 Deficiency in LSE Flexible RA Capacity Plan

- (a) **Finding and Notification.** If the CAISO's validation under Section 40.10.5.3(a) finds either (i) that the total amount of Flexible RA Capacity included in an annual or monthly LSE Flexible RA Capacity Plan is not sufficient to satisfy the Load Serving Entity's allocated Flexible RA Capacity Requirement or (ii) that the total monthly requirement in a monthly LSE Flexible RA Capacity Plan was not met within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category, the CAISO will --
 - (1) notify the relevant Scheduling Coordinator, and the Local Regulatory Authority or federal agency with jurisdiction over the relevant Load Serving Entity, in an attempt to resolve

any deficiency in accordance with the procedures set forth in the Business Practice Manual; and

- (2) provide the notice at least 25 days in advance of the first day of the month covered by the plan and include the reasons the CAISO believes a deficiency exists.
- (b) **Resolved Deficiency.** If the CAISO issues a notice of deficiency under Section 40.10.5.4(a), and the deficiency is resolved, the Scheduling Coordinator for the Load Serving Entity shall -
- (1) demonstrate, no less than 11 days prior to the first day of the month covered by the LSE Flexible RA Capacity Plan, that the identified deficiency is cured by submitting a revised LSE Flexible RA Capacity Plan, or
 - (2) advise the CAISO that the Load Serving Entity's Local Regulatory Authority, or federal agency, as appropriate, has determined that no deficiency exists.
- (c) **Unresolved Deficiency.** If the CAISO issues a notice of deficiency under Section 40.10.5.4(a) and is not advised that the deficiency is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43.

40.10.5.5 Discrepancy Between Flexible RA Capacity Plans.

- (a) **Finding and Notification.** If the CAISO's review under Section 40.10.5.3(b) finds a discrepancy between an LSE Flexible RA Capacity Plan and a Resource Flexible RA Capacity Plan, the CAISO will --
- (1) notify the relevant Scheduling Coordinators of the mismatch in an attempt to resolve the discrepancy in accordance with the procedures set forth in the Business Practice Manual; and
 - (2) provide the notice at least 25 days in advance of the first day of the month covered by the plans and include the reasons the CAISO believes a discrepancy exists.
- (b) **Resolved Discrepancy.** If the CAISO issues a notice of discrepancy under Section 40.10.5.5(a) and the discrepancy is resolved, the Scheduling Coordinator must provide the CAISO with a revised LSE Flexible RA Capacity Plan or Resource Flexible RA Capacity Plan, as applicable, no less than 11 days prior to the first day of the month covered by the plans.

- (c) **Unresolved Discrepancy.** If the CAISO issues a notice of discrepancy under Section 40.10.5.5(a) and is not advised that the discrepancy is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43.

40.10.5.6 LRA Deficiency.

- (a) **Finding and Notification.** If the CAISO's evaluation under Section 40.10.5.3(c) finds a cumulative deficiency in Flexible RA Capacity, the CAISO will --
- (1) identify each Local Regulatory Authority that did not meet its allocable share of the Flexible Capacity Need using the cumulative amount of Flexible RA Capacity that the Local Regulatory Authority's jurisdictional Load Serving Entities included in their annual and monthly Flexible RA Capacity Plans in total and, for the monthly Flexible RA Capacity Plans, in each Flexible Capacity Category;
 - (2) identify each Load Serving Entity that (i) is subject to the jurisdiction of a Local Regulatory Authority that did not meet its allocable share of the Flexible Capacity Need under Section 40.10.5.6, and (ii) did not include sufficient Flexible RA Capacity in an annual or monthly plan to meet its allocated Flexible RA Capacity Requirement or did not meet the monthly requirement within the minimum or maximum quantity, as applicable, for each Flexible Capacity Category, based on the allocation methodology of the Local Regulatory Authority if it has established its own methodology for allocating the Flexible Capacity Need to its jurisdictional Load Serving Entities;
 - (3) notify each Local Regulatory Authority identified under Section 40.10.5.6(a)(1) and the Scheduling Coordinator for each Load Serving Entity identified under Section 40.10.5.6(a)(2) of the cumulative deficiency in an attempt to resolve any deficiency in accordance with the procedures set forth in the Business Practice Manual; and
 - (4) provide the notice at least 25 days in advance of the first day of the month covered by the plan and include the reasons the CAISO believes a cumulative deficiency exists.

- (b) **Resolved Deficiency.** If the CAISO provides a notice of cumulative deficiency under Section 40.10.5.6(a), and the deficiency is resolved, the Scheduling Coordinator for the Load Serving Entity shall demonstrate, no less than 11 days prior to the first day of the month covered by the LSE Flexible RA Capacity Plan, that the identified deficiency is cured by submitting a revised LSE Flexible RA Capacity Plan.
- (c) **Unresolved Deficiency.** If the CAISO provides a notice of deficiency under Section 40.10.5.6(a) and is not advised that the deficiency is resolved, the CAISO will use the information contained in the Resource Flexible RA Capacity Plan to set the obligations of resources under Section 40.10 and/or to assign any costs incurred under this Section 40 and Section 43.