**Attachment B – Blacklines**

**Resource Adequacy Import Allocation Amendment Filing**

**Currently Effective ISO Tariff**

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**40.5.2.2 Deliverability of Imports.**

**40.5.2.2.1 Available Import Capability Assignment Process.**

For Resource Adequacy Plans covering any period after December 31, 2007, total Available Import Capability will be assigned on an annual basis for a one-year term to Load Serving Entities serving Load in the ISO Control Area and other Market Participants through their respective Scheduling Coordinators, as described by the following sequence of steps. However, should the CPUC modify by decision its compliance period from January to December of the calendar year to May through April of the calendar year, the CAISO shall extend the effectiveness of the assignment for 2009 Compliance Year through April 2010.

Step 1: Determination of Maximum Import Capability on Branch Groups into the ISO Control Area: The ISO shall establish the Maximum Import Capability for each branch group into the ISO Control Area, and will post those values on the ISO website for RA Compliance Year 2009 by July 1, 2008, and for subsequent RA Compliance Years in accordance with the schedule and process set forth in the business practice manual.

Step 2: Determination of Available Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by Out-of-ISO Control Area LSEs: For each branch group, the Available Import Capability will be determined by subtracting from the Maximum Import Capability established in Step 1 for each branch group the import capability on each branch group associated with (i) Existing Contracts and (ii) Transmission Ownership Rights held by load serving entities that do not serve Load within the ISO Control Area. The remaining sum of all branch group Available Import Capability is the Total Import Capability. Total Import Capability shall be used to determine the Load Share Quantity for each Load Serving Entity that serves Load within the ISO Control Area.

Step 3: Determination of Existing Contract Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by In-ISO Control Area LSEs: From the Available Import Capability remaining on each branch group after Step 2 above, Existing Contracts and Transmission Ownership Rights held by Load Serving Entities that serve Load within the ISO Control Area shall be reserved for the holders of such commitments and will not be subject to reduction under any subsequent steps in this Section. The import capability reserved pursuant to this Step 3 is the Existing Contract Import Capability.

Step 4: Assignment of Pre-RA Import Commitments: From the Available Import Capability remaining on each branch group after reserving Existing Contract Import Capability under Step 3 above, the ISO will assign to Load Serving Entities serving Load within the ISO Control Area Pre-RA Import Commitment Capability on a particular branch group based on Pre-RA Import Commitments in effect (where a supplier has an obligation to deliver the Energy or make the capacity available) at any time during the RA Compliance Year for which the Available Import Capability assignment is being performed. The Pre-RA Import Commitment will be assigned to the branch group selected by the Load Serving Entity during the RA Compliance Year 2007 import capability assignment process, which was required to be based on the branch group upon which the Energy or capacity from the Pre-RA Import Commitment had been primarily scheduled or, for a Pre-RA Import Commitment without a scheduling history at the time of the RA Compliance Year 2007 import capability assignment process, the primary branch group upon which the Energy or capacity was anticipated to be scheduled. To the extent a Pre-RA Import Commitment was not presented during the RA Compliance Year 2007 import capability assignment process, the Load Serving Entity shall select the branch group upon which the Pre-RA Import Commitment is primarily anticipated to be scheduled during the term of the Pre-RA Import Commitment and that selection shall be utilized in future annual Available Import Capability assignment processes.

To the extent a particular branch group becomes over requested with Pre-RA Import Commitments due to either Pre-RA Import Commitments not included in the RA Compliance Year 2007 import capability assignment process or changes in system conditions that decrease the Maximum Import

Capability of the branch group, such that the MW represented in all Pre-RA Import Commitments utilizing the branch group exceed the branch group’s Available Import Capability in excess of that reserved for Existing Contracts and Transmission Ownership Rights under Steps 2 and 3, the Pre-RA Import Commitments will be assigned Pre-RA Import Commitment Capability, based on the Import Capability Load Share Ratio of each Load Serving Entity submitting Pre-RA Import Commitments on the particular branch group. To the extent this initial assignment of Pre-RA Import Commitment Capability has not fully assigned the Available Import Capability of the particular over requested branch group, the remaining Available Import Capability on the over requested branch group will be assigned until fully exhausted based on the Import Capability Load Share Ratio of each Load Serving Entity whose submitted Pre-RA Import Commitment has not been fully satisfied by the previous Import Capability Load Share Ratio assignment iteration. The Available Import Capability assigned pursuant to this Step 4 is the Pre-RA Import Commitment Capability.

Step 5: Assignment of Remaining Import Capability Limited by Load Share Quantity: The Total Import Capability remaining after Step 4 will be assigned only to Load Serving Entities serving Load within the ISO Control Area that have not received Existing Contract Import Capability and Pre-RA Import Commitment Capability under Steps 3 and 4, that exceed the Load Serving Entity’s Load Share Quantity. This Total Import Capability will be assigned until fully exhausted to those Load Serving Entities eligible to receive an assignment under this Step based on each Load Serving Entity’s Import Capability Load Share Ratio up to, but not in excess of, its Load Share Quantity. The quantity of Total Import Capability assigned to the Load Serving Entity under this Step is the Load Serving Entity’s Remaining Import Capability. This Step 5 does not assign Remaining Import Capability on a specific branch group.

Step 6: ISO Posting of Assigned and Unassigned Capability: Following the completion of Step 5, the ISO will post to its website for RA Compliance Year 2009 by July 9, 2008 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual the following information:

1. The Total Import Capability;
2. The quantity in MW of Existing Contracts and Transmission Ownership Rights assigned to each branch group, distinguishing between Existing Contracts and Transmission Ownership Rights held by Load Serving Entities within the ISO Control Area and those held by load serving entities outside the ISO Control Area;
3. The aggregate quantity in MW, and identify the holders, of Pre-RA Import Commitments assigned to each branch group; and
4. The aggregate quantity in MW of Available Import Capability after Step 4, the identity of the branch groups with Available Import Capability, and the MW quantity of Available Import Capability on each such branch group.

Step 7: ISO Notification of LSE Assignment Information: Following the completion of Step 5, by July 9, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the ISO will notify the Scheduling Coordinator for each Load Serving Entity of:

* 1. The Load Serving Entity’s Import Capability Load Share;
  2. The Load Serving Entity’s Load Share Quantity; and
  3. The amount of, and branch group on which, the Load Serving Entity’s Existing Contract Import Capability and Pre-RA Import Commitment Capability, as applicable, has been assigned; and
  4. The Load Serving Entity’s Remaining Import Capability.

Step 8: Transfer of Import Capability: Up to and including July 17, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, a Load Serving Entity shall be allowed to transfer some or all of its Remaining Import Capability to any other Load Serving Entity or Market Participant. The ISO will accept transfers among LSEs and Market Participants only to the extent such transfers are reported to the ISO by July 18, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual through the ISO’s Import Capability Transfer Registration Process by the entity receiving the Remaining Import Capability that sets forth (1) the name of the counter-parties, (2) the MW quantity, (3) term of transfer, and (4) price on a per MW basis. The CAISO will post to its website by August 8, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the Business Practice Manual the information on transfers of Remaining Import Capability Received under this Step 8.

Step 9: Initial Scheduling Coordinator Request to Assign Remaining Import Capability by Branch Group: At any time up to and including July 19, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the Scheduling Coordinator for each Load Serving Entity or Market Participant shall notify the ISO of its request to assign its post-trading Remaining Import Capability on a MW basis per available branch group. Total requests for assignment of Remaining Import Capability by a Scheduling Coordinator cannot exceed the sum of the post-traded Remaining Import Capability of its Load Serving Entities. The ISO will honor the requests to the extent a branch group has not been over requested. If a branch group is over requested, the requests for Remaining Import Capability on that branch group will be assigned based on each Load Serving Entity’s Import Capability Load Share Ration in the same manner as set forth in Step 4. A Market Participant without an Import Capability Load Share will be assigned the Import Capability Load Share equal to the average Import Capability Load Share of those Load Serving Entities from which it received transfers of Remaining Import Capability.

Step 10: ISO Notification of Initial Remaining Import Capability Assignments and Unassigned Capability: At any time up to and including July 27, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the ISO will:

1. Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant’s accepted request(s) for assigning Remaining Import Capability under Step 9; and
2. Publish on its website aggregate unassigned Available Import Capability, if any, the identity of the branch groups with unassigned Available Import Capability, and the MW quantity of Available Import Capability, on each such branch group.

Step 11: Secondary Scheduling Coordinator Request to Assign Remaining Import Capability by Branch Group: To the extent Remaining Import Capability remains unassigned as disclosed by Step 10, at any time up to and including August 1, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, Scheduling Coordinators for Load Serving Entities or Market Participants shall notify the ISO of their requests to assign any remaining Remaining Import Capability on a MW per available branch group basis. The ISO will honor the requests to the extent a branch group has not been over requested. If a branch group is over requested, the requests on that branch group will be assigned based on each Load Serving Entity or Market Participant’s Import Capability Load Share Ratio, as used in Steps 4 and 9.

Step 12: Notification of Secondary Remaining Import Capability Assignments and Unassigned Capability: At any time up to and including August 8, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the ISO will:

1. Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant’s accepted request(s) for assigning Remaining Import Capability under Step 11; and
2. Publish on its website unassigned aggregate Available Import Capability, if any, the identity of the branch groups with Available Remaining Import Capability, and the MW quantity of Availability Import Capability on each such branch group.

Step 13: Requests for Balance of Year Unassigned Available Import Capability: To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities or Market Participants shall notify the ISO at any time, except as limited herein, of a request for unassigned Available Import Capability on a specific branch group on a per MW basis. Each request must include the identity of Load Serving Entity or Market Participant on whose behalf the request is made. The ISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load Serving Entity or other Market Participant. The ISO will honor requests in priority of the time requests from Scheduling Coordinators were received until the branch group is fully assigned and without regard to any Load Serving Entity’s Load Share Quantity. Any honored request shall be for the remainder of the RA Compliance Year; however, any notification by the ISO of acceptance of the request in accordance with this Section after the 20th calendar day of any month shall not be permitted to be included in the Load Serving Entity’s Resource Adequacy Plan submitted in the same month as the acceptance.

The ISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the ISO and, within seven (7) days of receipt of the request, whether the request was honored. If honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned import capability. If the request is not honored because the branch group requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned import capability on a different branch group. For RA Compliance Year 2009, the ISO will update on its website the list of unassigned capability by branch group on or before the 5th calendar day of each month and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can be credited towards satisfying the Planning Reserve Margin of a Load Serving Entity under this Section 40. Upon the request of the ISO, Scheduling Coordinators must provide the ISO with information on Pre-RA Import Commitments and any transfers or sales of assigned Total Import Capability. To the extent that the ISO’s review of Resource Adequacy Plans identifies reliance upon Total Import Capability that exceeds the Total Import Capability assigned to the Load Serving Entity under this section, the ISO will inform the CPUC or appropriate Local Regulatory Authority, as appropriate.

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