

SCE's Comments Dated June 13, 2008

The attached contains SCE's comments.

They include:

- Grammar edit (section 11.5.6)
- Clarification edits (section 39.10.2, 39.10.3.3.iv)
- Context edits (two in section 39.4)
- A request for the ISO to explain during the teleconference how "least-cost" (section 39.4) will be defined and calculated.

Exceptional Dispatch

4th Replacement CAISO Tariff (MRTU)

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11.5.6 Settlement Amounts for IIE from Exceptional Dispatch.

For each Settlement Interval, the IIE Settlement Amount from each type of Exceptional Dispatch described in Section 34.9 is calculated as the sum of the products of the relevant IIE quantity for the Dispatch Interval and the relevant Settlement price for the Dispatch Interval for each type of Exceptional Dispatch as further described below. For MSS Operators the Settlement for IIE from Exceptional Dispatch is conducted in the same manner, regardless of any MSS elections (net/gross Settlement, Load following or opt-in/opt-out of RUC). Except for Exceptional Dispatches to perform Ancillary Services testing, to perform pre-commercial operation testing for Generating Units, to perform PMax testing, or for Voltage Support or Black Start from a Generating Unit under a contract to provide [such services](#), Exceptional Dispatches issued pursuant to Section 34.9.2 shall be settled in the same manner as provided in Section 11.5.6.1. The Settlement price for Exceptional Dispatches to perform Ancillary Services testing, to perform PMax testing, or to perform pre-commercial operation testing for Generating Units is the higher of the Resource-Specific Settlement Interval LMP or the Default Energy Bid. Except for the Settlement price, Exceptional Dispatches to perform Ancillary Services testing and to perform pre-commercial operation testing for Generating Units are otherwise settled in the same manner as provided in Section 11.5.6.1. Notwithstanding any other provisions in this Section 11.5.6, the Exceptional Dispatch Settlement price that is applicable in circumstances in which the CAISO applies Mitigation Measures to Exceptional Dispatch of resources pursuant to Section 39.10 shall be calculated as set forth in Section 11.5.6.7.

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11.5.6.4 Settlement of IIE from Exceptional Dispatches used for Ancillary Services Testing and Pre-Commercial Operations Testing For Generating Units.

The Exceptional Dispatch Settlement price for incremental IIE that is consumed or delivered as a result of an Exceptional Dispatch for purposes of Ancillary Services testing, PMax testing or pre-commercial operation testing for Generating Units is the maximum of the Resource-Specific Settlement Interval LMP or the Default Energy Bid. All Energy costs for these types of Exceptional Dispatch will be included in the IIE Settlement Amount described in Section 11.5.1.1.

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11.5.6.7 Settlement of Exceptional Dispatch Energy from Exceptional Dispatches of Resources Mitigated Pursuant to Section 39.10.

This entire Section 11.5.6.7, with the exception of Section 11.5.6.7.3, shall be effective until the end of the year 2010, after which date this entire Section 11.5.6.7 shall no longer apply.

11.5.6.7.1 Settlement of Exceptional Dispatch Energy from Exceptional Dispatches of Resources Eligible for Supplemental Revenues.

Except as specified in Section 11.5.6.7.4, the Exceptional Dispatch Settlement price for the Exceptional Dispatch Energy delivered by a resource that satisfies all of the criteria set forth in Section 39.10.1.1 shall be the higher of (a) the resource's Energy Bid price or (b) the Resource-Specific Settlement Interval LMP.

11.5.6.7.2 Settlement of Exceptional Dispatch Energy from Exceptional Dispatches of Resources Not Eligible for Supplemental Revenues.

Except as specified in Section 11.5.6.7.4, the Exceptional Dispatch Settlement price for the Exceptional Dispatch Energy delivered by a resource that satisfies all of the criteria set forth in either Section 39.10.1.2 or Section 39.10.3.2 shall be the higher of (a) the Default Energy Bid price or (b) the Resource-Specific Settlement Interval LMP.

11.5.6.7.3 Settlement of Exceptional Dispatch Energy from Exceptional Dispatches of Resources Eligible for Supplemental Revenues Due to an Adder to the Default Energy Bid.

Except as specified in Section 11.5.6.7.4, the Exceptional Dispatch Settlement price for the Exceptional Dispatch Energy delivered by a resource that satisfies all of the criteria set forth in Section 39.10.3.1 shall be the higher of (a) the Default Energy Bid plus a \$24/MWh adder or (b) the Resource-Specific Settlement Interval LMP.

11.5.6.7.4 Exception to the Other Provisions of Section 11.5.6.7.

Notwithstanding any other provisions of this Section 11.5.6.7, if the Energy Bid price for a resource that satisfies all of the criteria set forth in Sections 39.10.1.1, 39.10.1.2, 39.10.3.1, or 39.10.3.2 is lower than the Default Energy Bid price for the resource, and the Resource-Specific Settlement Interval LMP is lower than both the Energy Bid price for the resource and the Default Energy Bid price for the resource, the

Exceptional Dispatch Settlement price for the Exceptional Dispatch Energy delivered by the resource shall be the Energy Bid price for the resource.

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34.9 Exceptional Dispatch.

The CAISO may issue Exceptional Dispatches for the circumstances described in this Section 34.9, which may require the issuance of forced Shut-Downs or forced Start-Ups and shall be consistent with Good Utility Practice. Dispatch Instructions issued pursuant to Exceptional Dispatches shall be entered manually by the CAISO Operator into the RTM optimization software so that they will be accounted for and included in the communication of Dispatch Instructions to Scheduling Coordinators. Exceptional Dispatches are not derived through the use of the RTM optimization software and are not used to establish the LMP at the applicable PNode. The CAISO will record and post on OASIS the circumstances that have led to the Exceptional Dispatch. Except as provided below, the CAISO shall consider the effectiveness of the resource along with Start-Up Costs and Minimum Load Costs when issuing Exceptional Dispatches to commit a resource to operate at Minimum Load. The CAISO shall, to the extent possible, attempt to utilize all effective Bids from RA (and RMR and ICPM) resources before dispatching non-RA (and non-RMR and non-ICPM) resources with Bids.~~When the CAISO issues Exceptional Dispatches for Energy, the CAISO shall also consider Energy Bids, if available and as appropriate.~~ The goal of the CAISO will be to issue Exceptional Dispatches on a least-cost basis. Imbalance Energy delivered or consumed pursuant to the various types of Exceptional Dispatch is settled according to the provisions in Section 11.5.6.

34.9.1 System Reliability Exceptional Dispatches.

The CAISO may manually dispatch Generation Units, System Units, Participating Loads, Dynamic System Resources, and Condition 2 RMR Units pursuant to Section 41.9, in addition to or instead of resources dispatched by RTM optimization software during a System Emergency, or to prevent an imminent System Emergency or a situation that threatens System Reliability and cannot be addressed by the RTM optimization and system modeling. To deal with any threats to System Reliability, the CAISO may also dispatch in the Real-Time Non-Dynamic System Resources that have not been or would not be

selected by the RTM for Dispatch, but for which the relevant Scheduling Coordinator has submitted a Bid into the HASP.

34.9.2 Other Exceptional Dispatch.

The CAISO may also manually dispatch resources in addition to or instead of resources dispatched by the RTM optimization software to: (1) perform Ancillary Services testing; (2) perform pre-commercial operation testing for Generating Units; (3) mitigate for Overgeneration; (4) provide for Black Start; (5) provide for Voltage Support; (6) accommodate TOR or ETC Self-Schedule changes after the Market Close of the HASP; or (7) to reverse a commitment instruction issued through the IFM that is no longer optimal as determined through RUC. If the CAISO dispatches a Generating Unit for Voltage Support or Black Start, and the Generating Unit is under an RMR Contract, Voltage Support contract or Black Start contract, the Generating Unit will be compensated under its contract and not as an Exceptional Dispatch under the CAISO Tariff. The CAISO will not consider Start-Up Costs, Minimum Load Costs, or Energy Bids in connection with the issuance of Exceptional Dispatches to perform Ancillary Services testing or to perform pre-commercial operation testing for Generating Units.

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39.10 Mitigation of Exceptional Dispatches of Resources.

The CAISO shall apply Mitigation Measures to Exceptional Dispatches of resources when such resources are committed or dispatched under Exceptional Dispatch for purposes of: (1) addressing reliability requirements related to transmission Constraints not modeled in the Competitive Constraint Run of the MPM-RRD; (2) Ramping units up from Minimum Load to minimum dispatchable levels in order to protect against reliability Contingencies that are not directly incorporated into the Full Network Model or sufficiently met by the CAISO's market software; or (3) addressing other special unit specific operating or environmental Constraints not incorporated into the Full Network Model or the CAISO's market software. This entire Section 39.10, except for Section 39.10.2 as described therein, and the entirety of related Section 11.5.6.7 shall be effective until the end of the year 2010, after which date this entire Section 39.10, except for Section 39.10.3 as described therein, and the entirety of related Section 11.5.6.7 shall no longer apply.

39.10.1 Application of Mitigation Measures to Exceptional Dispatches of Resources.

This Section 39.10.1 becomes effective on the first day of the fifth calendar month following the effective date of this tariff.

39.10.1.1 Application of Mitigation Measures to Exceptional Dispatches of Resources Eligible for Supplemental Revenues.

In all cases where a resource is committed or dispatched under Exceptional Dispatch for any of the purposes set forth in Section 39.10, and the resource is eligible for supplemental revenues pursuant to Section 39.10.1.3, Exceptional Dispatch Energy delivered by the resource shall be settled as set forth in either Section 11.5.6.7.1 or Section 11.5.6.7.4, whichever is applicable.

39.10.1.2 Application of Mitigation Measures to Exceptional Dispatches of Resources Not Eligible for Supplemental Revenues.

In all cases where a resource is committed or dispatched under Exceptional Dispatch for any of the purposes set forth in Section 39.10, and the resource is not eligible for supplemental revenues pursuant to Section 39.10.1.3, Exceptional Dispatch Energy delivered by the resource shall be settled as set forth in either Section 11.5.6.7.2 or Section 11.5.6.7.4, whichever is applicable.

39.10.1.3 Eligibility for Supplemental Revenues.

A resource that is committed or dispatched under Exceptional Dispatch shall be eligible for supplemental revenues only during such times that the resource meets all of the following criteria:

- (i) the resource has been mitigated according to the Mitigation Measures identified in Section 39.10;
- (ii) the resource is not under an RMR Contract, is not designated as ICPM Capacity, and is not a Resource Adequacy Resource, unless the resource is a Partial Resource Adequacy Resource or a partial ICPM resource, and the Exceptional Dispatch requires non-RA Capacity or non-ICPM Capacity, in which case only the capacity not committed as Resource Adequacy Capacity or ICPM Capacity is eligible for supplemental revenues;
- (iii) the resource has a Bid in the IFM, HASP and RTM for the applicable Operating Day or Operating Hour in which the resource is committed or dispatched under Exceptional Dispatch; and

- (iv) the resource has not accrued an amount of Exceptional Dispatch supplemental revenues in any 30-day period (this period is a rolling 30-day period that starts with the first Exceptional Dispatch of the resource and re-starts thirty (30) days after that first Exceptional Dispatch) equal to or greater than the monthly ICPM Capacity Payment for which the resource would be eligible, had it been designated as an ICPM resource, pursuant to Section 43.6.

39.10.2 Calculation of Exceptional Dispatch Supplemental Revenues.

Exceptional Dispatch supplemental revenues for each resource are calculated on a rolling 30-day basis beginning with the first Exceptional Dispatch of the resource. The amount of Exceptional Dispatch supplemental revenues accrued by a resource within a 30-day period shall be a running total consisting of the higher of (a) the Energy Bid price for the resource or (b) the Resource-Specific Settlement Interval LMP, minus the Default Energy Bid price for the resource, multiplied by the amount of Energy provided by the resource under Exceptional Dispatch, for the corresponding hours of the 30-day period during which the resource is committed or dispatched under Exceptional Dispatch. Once the resource has collected an amount, based on the calculation above, equal to the monthly ICPM Capacity Payment then the Settlement for that resource will be as provided in Section 11.5.6.7.2. The resource will not be eligible for additional supplemental revenues until the end of the 30-day period, beginning with any subsequent Exceptional Dispatch of the resource.

39.10.3 Interim Rules for Application of Mitigation Measures to Exceptional Dispatches of Resources.

This Section 39.10.3 shall be effective until the last calendar day of the fourth calendar month following the effective date of this tariff, after which date it shall no longer apply.

39.10.3.1 Interim Rules for Application of Mitigation Measures to Exceptional Dispatches of Resources Eligible for an Adder to the Default Energy Bid Price.

In all cases where a resource is committed or dispatched under Exceptional Dispatch for any of the purposes set forth in Section 39.10, and the resource is eligible for an adder to the Default Energy Bid price pursuant to Section 39.10.3.3, Exceptional Dispatch Energy delivered by the resource shall be settled as set forth in either Section 11.5.6.7.3 or Section 11.5.6.7.4, whichever is applicable.

39.10.3.2 Interim Rules for Application of Mitigation Measures to Exceptional Dispatches of Resources Not Eligible for an Adder to the Default Energy Bid Price.

In all cases where a resource is committed or dispatched under Exceptional Dispatch for any of the purposes set forth in Section 39.10, and the resource is not eligible for an adder to the Default Energy Bid price pursuant to Section 39.10.3.3, Exceptional Dispatch Energy delivered by the resource shall be settled as set forth in either Section 11.5.6.7.2 or Section 11.5.6.7.4, whichever is applicable.

39.10.3.3 Interim Requirements to Be Eligible for an Adder to the Default Energy Bid Price.

A resource that is committed or dispatched under Exceptional Dispatch shall be eligible for an adder to the Default Energy Bid price only during such times that the resource meets all of the following criteria:

- (i) the resource has been mitigated according to the Mitigation Measures identified in Section 39.10;
- (ii) the resource is not under an RMR Contract, is not designated as ICPM Capacity, and is not a Resource Adequacy Resource, unless the resource is a Partial Resource Adequacy Resource or a partial ICPM resource, and the Exceptional Dispatch requires non-RA Capacity or non-ICPM Capacity, in which case only the capacity not committed as Resource Adequacy Capacity or ICPM Capacity is eligible for an adder to the Default Energy Bid price;
- (iii) the resource has a Bid in the IFM, HASP and RTM for the applicable Operating Day or Operating Hour in which the resource is committed or dispatched under Exceptional Dispatch; and
- (iv) the resource has not accrued an amount of Exceptional Dispatch supplemental revenues in a 30-day period (this period is a rolling 30-day period that starts with the first Exceptional Dispatch and re-sets thirty (30) days after that first Exceptional Dispatch) equal to or greater than the monthly ICPM Capacity Payment for which the resource would be eligible, had it been designated as an ICPM resource, pursuant to Section 43.6. The amount of revenues received under an Exceptional Dispatch that will be tracked to determine when a resource has equaled the monthly ICPM Capacity Payment will be calculated as the higher

of (a) the Resource-Specific Settlement Interval LMP or (b) the Default Energy Bid plus a \$24/MWh adder, minus the Default Energy Bid price for the resource, multiplied by the amount of Energy provided by the resource under Exceptional Dispatch, for the corresponding hours of the 30-day period during which the resource is committed or dispatched under Exceptional Dispatch. Once the resource has collected supplemental revenues, based on the calculation above, equal to the monthly ICPM Capacity Payment then the Settlement for that resource will be as provided in Section 11.5.6.7.2.

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