**Blacklines**

**Capacity Procurement Mechanism Draft Tariff Language**

**California Independent System Operator Corporation**

**Fifth Replacement FERC Electric Tariff**

**October 22, 2010**

**11.5.6.7 [NOT USED]**

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**30.5.2.7 RUC Availability Bids**

Scheduling Coordinators may submit RUC Availability Bids for specific Generating Units in the DAM; however, Scheduling Coordinators for Resource Adequacy Capacity or CPM Capacity must submit RUC Availability Bids for that capacity to the extent that the capacity has not been submitted in a Self-Schedule or already been committed to provide Energy or capacity in the IFM. Capacity that does not have Bids for Supply of Energy in the IFM will not be eligible to participate in the RUC process. The RUC Availability Bid component is MW-quantity of non-Resource Adequacy Capacity in $/MW per hour, and $0/MW for Resource Adequacy Capacity or CPM Capacity.

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### 39.8.1 Bid Adder Eligibility Criteria

To receive a Bid Adder, a Generating Unit must: (i) have a Mitigation Frequency that is greater than eighty percent (80%) in the previous twelve (12) months; and (ii) must not have a contract to be a Resource Adequacy Resource for its entire Net Qualifying Capacity, or be designated under the CPM for its entire Eligible Capacity, or be subject to an obligation to make capacity available under this CAISO Tariff. If a Generating Unit is designated under the CPM for a portion of its Eligible Capacity, the provisions of this section apply only to the portion of the capacity not designated. Scheduling Coordinators for Generating Units seeking to receive Bid Adders must further agree to be subject to the Frequently Mitigated Unit option for a Default Energy Bid. Run hours are those hours during which a Generating Unit has positive metered output. During the first twelve (12) months after the effective date of this Section, the Mitigation Frequency will be based on a rolling twelve (12)-month combination of RMR Dispatches and incremental Bids dispatched out of economic merit order to manage local Congestion from the period prior to the effective date of this Section, which will serve as a proxy for being subject to Local Market Power Mitigation, and a Generating Unit’s Local Market Power Mitigation frequency after the effective date of this Section. Generating Units that received RMR Dispatches and/or incremental Bids dispatched out of economic merit order to manage local Congestion in an hour prior to the effective date of this Section will have that hour counted as a mitigated hour in their Mitigation Frequency. After the first twelve (12) months from the effective date of this Section, the Mitigation Frequency will be based entirely on a Generating Unit being mitigated under the MPM-RRD procedures in Sections 31 and 33.

\* \* \*

## 39.10 Mitigation Of Exceptional Dispatches Of Resources

The CAISO shall apply Mitigation Measures to all Exceptional Dispatches eligible for an Exceptional Dispatch CPM designation under Section 43.2.5. 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 non-competitive transmission Constraints; and (2) addressing unit-specific environmental Constraints not incorporated into the Full Network Model or the CAISO’s market software that affect the dispatch of Generating Units in the Sacramento Delta and are commonly known as "Delta Dispatch".

\* \* \*

### 39.10.3 Eligibility For Supplemental Revenues

Except as provided in Section 39.10.4, 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 notified the CAISO, at least seven days prior to the calendar month in which the Exceptional Dispatch occurs, that the resource has chosen to receive supplemental revenues in lieu of an Exceptional Dispatch CPM designation under Section 43.1.5;

(ii) the resource has been mitigated under Section 39.10;

(iii) the resource is not under an RMR Contract, is not designated as CPM Capacity, and is not a Resource Adequacy Resource, unless the resource is a Partial Resource Adequacy Resource or a partial CPM resource, and the Exceptional Dispatch requires non-RA Capacity or non-CPM Capacity, in which case only the capacity not committed as Resource Adequacy Capacity or CPM Capacity is eligible for supplemental revenues; and

(iv) 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.

\* \* \*

### 39.10.4 Limitation On Supplemental Revenues

Supplemental revenues authorized under this Section 39.10 shall not exceed within a 30-day period (this 30-day period begins on the day of the first Exceptional Dispatch of the resource and re-starts on the day of the first Exceptional Dispatch of the resource following the end of any prior 30-day period) the difference between any monthly CPM Capacity Payments due the resource for the 30-day period (calculated according to the ratio of the actual number of days that the resource had capacity designated as CPM Capacity during the 30-day period to the total number of days in the month) and the monthly CPM Capacity Payment, without any CPM Availability Factor adjustment, for which the resource would be eligible pursuant to Section 43.6 had its entire capacity less any Resource Adequacy Capacity been designated as an CPM resource.

\* \* \*

**40.9.6.2 Determination of the Non-Availability Charge**

The per-MW Non-Availability Charge rate will be the Monthly CPM Capacity Payment price as specified in Schedule 6 of Appendix F of this CAISO Tariff. The Non-Availability Charge for a Resource Adequacy Resource shall be determined by multiplying the resource’s capacity subject to the Non-Availability Charge calculated in accordance with Section 40.9.6.1 by the Non-Availability Charge rate.

\* \* \*

**40.9.7.3 Determination of Non-Availability Charges and Availability Incentive Payments for Non-Resource-Specific System Resources Providing Resource Adequacy Capacity**

A Non-Resource-Specific System Resource that provides Resource Adequacy Capacity and whose actual availability calculated in accordance with Section 40.9.7.2 is less than the Availability Standard defined in Section 40.9.7.1 minus the tolerance band of two and one-half percent (2.5%) for a given month shall be assessed a Non-Availability Charge. This charge for such a resource shall apply to that portion of the resource’s designated non-exempt Resource Adequacy Capacity equal to one hundred percent (100%) minus the ratio of its actual availability calculated in accordance with Section 40.9.7.2 to the Availability Standard minus two and one-half percent (2.5%). The Non-Availability Charge will then equal the resource’s applicable capacity that is subject to Non-Availability Charges multiplied by the a Non-Availability Charge rate equal to the Monthly CPM Capacity Payment price as specified in Schedule 6 of Appendix F of this CAISO Tariff.

Funds collected for Non-Availability Charges pursuant to this Section 40.9.7.3 in a Trade Month will be used to provide Availability Incentive Payments to non-Resource-Specific System Resources providing Resource Adequacy Capacity that exceed the Availability Standard established in Section 40.9.7.1 plus the tolerance band of two and one-half percent (2.5%) for that same Trade Month. The funds will be distributed to each such resource in proportion to the resource’s share of the total non-exempt Resource Adequacy Capacity provided by non-Resource-Specific System Resources that are eligible for Availability Incentive Payments or the month.

Any Availability Incentive Payment to a non-resource specific System Resource providing Resource Adequacy Capacity under this Section 40.9.7 3 will be capped at three times the Non-Availability Charge rate multiplied by the amount of the resource’s non-exempt Resource Adequacy Capacity. Any remaining monthly surplus of Non-Availability Charges from non-Resource-Specific System Resources providing Resource Adequacy Capacity in a Trade Month will be credited against the Real-Time neutrality charge for that Trade Month in accordance with Section 11.5.2.3. Only revenues received from the assessment of Non-Availability Charges to non-Resource-Specific System Resources providing Resource Adequacy Capacity will be used to fund Availability Incentive Payments for non-Resource-Specific System Resources providing Resource Adequacy Capacity.

\* \* \*

# 43. Capacity Procurement Mechanism

**43.1 Interim Capacity Procurement Mechanism**

The ICPM as well as changes made to other Sections to implement the ICPM shall expire at midnight on the last day of the twenty-fourth month following the effective date of this Section and shall be replaced with the CPM, except that the provisions concerning compensation, cost allocation and Settlement shall remain in effect until such time as ICPM resources have been finally compensated for their services rendered under the ICPM prior to the termination of the ICPM, and the CAISO has finally allocated and recovered the costs associated with such ICPM compensation.

## 43.2 Capacity Procurement Mechanism Designation

The CAISO shall have the authority to designate Eligible Capacity to provide CPM Capacity services under the CPM to address the following circumstances, as discussed in greater detail in Section 43:

1. Insufficient Local Capacity Area Resources in an annual or monthly Resource Adequacy Plan;
2. Collective deficiency in Local Capacity Area Resources;
3. Insufficient Resource Adequacy Resources in and LSE’s annual or monthly Resource Adequacy Plan;
4. A CPM Significant Event;
5. A reliability or operational need for an Exceptional Dispatch CPM; and
6. Capacity at risk of retirement within six months that will be needed for reliability within two years.

### 43.2.1 SC Failure To Show Sufficient Local Capacity Area Resources

**43.2.1.1 Annual Resource Adequacy Plan**

Where a Scheduling Coordinator fails to demonstrate in an annual Resource Adequacy Plan, submitted separately for each represented LSE, procurement of each LSE’s share of Local Capacity Area Resources, as determined in Section 40.3.2 for each month of the following Resource Adequacy Compliance Year, the CAISO shall have the authority to designate CPM Capacity; provided, however, that the CAISO shall not designate CPM Capacity under this Section 43.2.1.1 until after the Scheduling Coordinator has had the opportunity to cure the deficiency as set forth in Section 40.7. The CAISO’s authority to designate CPM Capacity under this Section 43.2.1.1 is to ensure that each Local Capacity Area in a TAC Area in which the LSE serves Load has Local Capacity Area Resources in the amounts and locations necessary to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, after assessing the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual Resource Adequacy Plans and any supplements thereto, as may be permitted by the CPUC, Local Regulatory Authority, or federal agency and provided to the CAISO in accordance with Section 40.7, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area.

**43.2.1.2 Monthly Resource Adequacy Plan**

Where a Scheduling Coordinator fails to demonstrate in a monthly Resource Adequacy Plan, submitted separately for each represented LSE, procurement of each LSE’s share of Local Capacity Area Resources, as determined in Section 40.3.2 for the reported month, the CAISO shall have the authority to designate CPM Capacity; provided, however, that the CAISO shall not designate CPM Capacity under this Section 43.2.1.2 until after the Scheduling Coordinator has had the opportunity to cure the deficiency as set forth in Section 40.7. The CAISO’s authority to designate CPM Capacity under this Section 43.2.1.2 is to ensure that each Local Capacity Area in a TAC Area in which the LSE serves Load has Local Capacity Area Resources in the amounts and locations necessary to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, after assessing the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual and monthly Resource Adequacy Plans and any supplements thereto, as may be permitted by the CPUC, Local Regulatory Authority, or federal agency and provided to the CAISO in accordance with Section 40.7, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area.

### 43.2.2 Collective Deficiency In Local Capacity Area Resources

The CAISO shall have the authority to designate CPM Capacity where the Local Capacity Area Resources specified in the annual Resource Adequacy Plans of all applicable Scheduling Coordinators, after the opportunity to cure under Section 43.2.2.1 has been exhausted, fail to ensure compliance in one or more Local Capacity Areas with the Local Capacity Technical Study criteria provided in Section 40.3.1.1, regardless of whether such resources satisfy, for the deficient Local Capacity Area, the minimum amount of Local Capacity Area Resources identified in the Local Capacity Technical Study, and after assessing the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual Resource Adequacy Plans, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area. The CAISO may, pursuant to this Section 43.2.2, designate CPM Capacity in an amount and location sufficient to ensure compliance with the Reliability Criteria applied in the Local Capacity Technical Study.

**43.2.2.1 LSE Opportunity to Resolve Collective Deficiency in Local Capacity Area Resources**

Where the CAISO determines that a need for CPM Capacity exists under Section 43.2.2, but prior to any designation of CPM Capacity, the CAISO shall issue a Market Notice, no later than sixty (60) days before the beginning of the Resource Adequacy Compliance Year, identifying the deficient Local Capacity Area and the quantity of capacity that would permit the deficient Local Capacity Area to comply with the Local Capacity Technical Study criteria provided in Section 40.3.1.1 and, where only specific resources are effective to resolve the Reliability Criteria deficiency, the CAISO shall provide the identity of such resources. Any Scheduling Coordinator may submit a revised annual Resource Adequacy Plan within thirty (30) days of the beginning of the Resource Adequacy Compliance Year demonstrating procurement of additional Local Capacity Area Resources consistent with the Market Notice issued under this Section.

Any Scheduling Coordinator that provides such additional Local Capacity Area Resources consistent with the Market Notice under this Section shall have its share of any CPM procurement costs under Section 43.8.3 reduced on a proportionate basis. If the full quantity of capacity is not reported to the CAISO under revised annual Resource Adequacy Plans in accordance with this Section, the CAISO may designate CPM Capacity sufficient to alleviate the deficiency.

### 43.2.3 SC Failure To Show Sufficient Resource Adequacy Resources

The CAISO shall have the authority to designate CPM Capacity where a Scheduling Coordinator fails to demonstrate in an annual or monthly Resource Adequacy Plan, submitted separately for each represented LSE, procurement of sufficient Resource Adequacy Resources to comply with each LSE’s annual and monthly Demand and Reserve Margin requirements under Section 40; provided that the CAISO shall not designate CPM Capacity under this Section 43.2.3 until after the Scheduling Coordinator has had the opportunity to cure the deficiency as set forth in Section 40.7; provide further that the CAISO shall not designate CPM Capacity under this Section 42.2.3 unless there is an overall net deficiency in meeting the total annual or monthly Demand and Reserve Margin requirements, whichever is applicable, after taking into account all LSE demonstrations in their applicable or monthly Resource Adequacy Plans.

### 43.2.4 CPM Significant Events

The CAISO may designate CPM Capacity to provide service on a prospective basis following a CPM Significant Event, to the extent necessary to maintain compliance with Reliability Criteria and taking into account the expected duration of the CPM Significant Event.

### 43.2.5 Exceptional Dispatch CPM

Except as provided in Section 43.2.5.1, the CAISO shall designate as CPM Capacity, to provide service on a prospective basis, the capacity of a resource that responds to an Exceptional Dispatch if the Exceptional Dispatch is issued pursuant to Section 34.9.1, subsections (6), (9) or (10) of Section 34.9.2, or Section 34.9.3, unless the Exceptional Dispatch directs the curtailment or shut down of the resource.

**43.2.5.1 Limitation on Eligibility for Exceptional Dispatch CPM Designation**

The following capacity is not eligible to receive an Exceptional Dispatch CPM designation under this Section 43.2.5.1:

(1) RA Capacity, RMR Capacity, and CPM Capacity; and

(2) Capacity of a resource that is eligible to receive supplemental revenues under Section 39.10.3 during any month for which the resource has notified the CAISO under Section 39.10.3 that it chooses to receive supplemental revenues in lieu of an Exceptional Dispatch CPM designation.

**43.2.5.2 Quantity of Capacity included in an Exceptional Dispatch CPM Designation**

**43.2.5.2.1 Exceptional Dispatch Commitments of Non RA, Non RMR and Non CPM Resources**

If a resource does not have any self-schedule, market-based commitment, or RA, RMR or CPM Capacity and receives an Exceptional Dispatch CPM designation under Section 43.2.5 following an Exceptional Dispatch eligible for an CPM designation, the CAISO shall designate as CPM Capacity the greater of the resource’s PMin or the amount of capacity specified by the Exceptional Dispatch.

**43.2.5.2.2 Exceptional Dispatch of Partial RA, Partial CPM Unit, or Market Committed Resource**

If a resource is a Partial Resource Adequacy Resource, has an CPM designation of less than its entire capacity, has a Self Schedule or has a market based commitment, or has already received an Exceptional Dispatch CPM designation under Section 43.2.5, the CAISO shall designate as CPM Capacity the amount by which the Exceptional Dispatch exceeded the greater of –

(1) the capacity that the resources must make available to the CAISO as the result of an RA Capacity or CPM Capacity obligation; if any; and

(2) the sum of any Self-Schedule and any market-based commitment or dispatch of the resource.

**43.2.5.2.3 Subsequent Exceptional Dispatch**

If the CAISO, during the term of a resource’s Exceptional Dispatch CPM designation, issues an Exceptional Dispatch to the resource that requires Energy in excess of the sum of the resource’s CPM Capacity and RA Capacity, the CAISO will increase the capacity designated as Exceptional Dispatch CPM Capacity by the amount equal to the difference between the Exceptional Dispatch and the sum of the resource’s CPM Capacity or RA Capacity. The increase will be effective for the remainder of the term of the Exceptional Dispatch CPM Designation and retroactively to the beginning of the 30-day term or the first day of the month in which the increase occurs, whichever is later. Any incremental Exceptional Dispatch issued within any 30-day CPM term does not result in a new 30-day term.

**43.2.5.2.4 Change in RA or CPM Status**

If a resource has an RA, RMR or CPM Capacity obligation that pre-existed the resource’s Exceptional Dispatch CPM designation and, during the term of the resource’s Exceptional Dispatch CPM designation, the amount of the resource’s RA, RMR or CPM Capacity is reduced, the CAISO will increase the CPM designation by the amount, if any, necessary to ensure that the sum of Exceptional Dispatch CPM designation quantity and any remaining RA Capacity is not less than PMin. If capacity that receives an Exceptional Dispatch CPM designation becomes RA Capacity or receives a monthly CPM designation or Significant Event designation or receives an RMR Contract as of a certain date, then the Exceptional Dispatch CPM designation shall be reduced by the amount of the new RA Capacity, CPM Significant Event designation, or RMR Contract from that date through the rest of the 30-day term.

**43.2.6 Capacity At Risk Of Retirement Needed For Reliability**

The CAISO shall have the authority to designate CPM Capacity to keep a resource in operation that is at risk of retirement during the current RA Compliance Year but will be needed for reliability during the subsequent RA Compliance Year. The CAISO may issue this risk of retirement CPM designation in the following circumstances:

(1) the resource was not contracted as RA Capacity nor listed as RA Capacity in any LSE’s annual Resource Adequacy Plan during the current RA Compliance Year;

(2) the CAISO did not identify any deficiency, individual or collective, in an LSE’s annual Resource Adequacy Plan for the current RA Compliance Year that resulted in a CPM designation for the resource in the current RA Compliance Year;

(3) CAISO technical assessments project that the resource will be needed in the subsequent RA Compliance Year for reliability purposes, either for its locational or operational characteristics;

(4) no new generation will be in operation by the start of the subsequent RA Compliance Year that will meet the identified reliability need;

(5) the resource owner submits to the CAISO at least 180 days prior to termination of the resource’s PGA the affidavit of an officer of the company, with the supporting financial information and documentation discussed in the BPM for Reliability Requirements, that attests that the resource will not be commercially viable in the current RA Compliance Year and is likely to retire;

(6) the CAISO reviews the affidavit and supporting financial information and documentation submitted by the resource owner and performs due diligence to assess the resource’s financial circumstances, and which as part of its review shall consider the results of any analysis performed by the CAISO’s DMM of the affidavit and supporting financial information and documentation to assess the accuracy of the information submitted, the reasonableness of the representations and conclusions contained in the submission, and the appropriateness of the resource’s conduct and efforts to sell Capacity in the bilateral market; and

(7) the CAISO determines that the expectation of losses and likely retirement of the resource are reasonable and supported by fact.

Prior to issuing the CPM designation, the CAISO shall prepare a report that explains the basis and need for the CPM designation. The CAISO shall post the report on the CAISO’s Website and allow an opportunity of no less than 30 days for stakeholders to review and submit comments on the report and for an LSE to procure Capacity from the resource.

## 43.3 Terms Of CPM Designation

### 43.3.1 SC Annual Plan Failure To Show Local Capacity Area Resources

CPM Capacity designated under Section 43.2.1.1 shall have a minimum commitment term of one (1) month and a maximum commitment term of one (1) year, based on the period(s) of overall shortage as reflected in the annual Resource Adequacy Plans that have been submitted. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

### 43.3.2 SC Month Plan Failure To Show Local Capacity Area Resources

CPM Capacity designated under Section 43.2.2.1 shall have a minimum commitment term of one (1) month. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

### 43.3.3 Annual Plan Collective LCA Resources Insufficient

CPM Capacity designated under Section 43.2.2 shall have a minimum commitment term of one (1) month and a maximum commitment term of one year, based on the period(s) of overall shortage as reflected in the annual Resource Adequacy Plans that have been submitted. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

### 43.3.4 SC Failure To Show Sufficient Resource Adequacy Resources

CPM Capacity designated under Section 43.2.3 shall: (a) have a minimum commitment term of one (1) month and a maximum commitment term equal to the maximum annual procurement period established by the Local Reliability Authority based on the period of the deficiency reflected in the annual Resource Adequacy Plan or (b) have a commitment term of one (1) month if the deficiency is in the monthly Resource Adequacy Plan. The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year.

### 43.3.5 Term – CPM Significant Event

CPM Capacity designated under Section 43.2.4 shall have an initial term of thirty (30) days. If the CAISO determines that the CPM Significant Event is likely to extend beyond the thirty (30) day period, the CAISO shall extend the designation for another sixty (60) days. During this additional sixty (60) day period, the CAISO will provide Market Participants with an opportunity to provide alternative solutions to meet the CAISO’s operational and reliability needs in response to the CPM Significant Event, rather than rely on the CAISO’s designation of capacity under the CPM. The CAISO shall consider and implement, if acceptable to the CAISO in accordance with Good Utility Practice, such alternative solutions provided by Market Participants in a timely manner. If Market Participants do not submit any alternatives to the designation of CPM capacity that are fully effective in addressing the deficiencies in Reliability Criteria resulting from CPM Significant Event, the CAISO shall extend the term of the designation under Section 43.2.4 for the expected duration of the CPM Significant Event.

If the solutions offered by Market Participants are only partially effective in addressing the CAISO’s operational and reliability needs resulting from the CPM Significant Event, the CAISO shall extend the designation under Section 43.2.4 for the expected duration of the CPM Significant Event, but only as to the amount of CPM Capacity necessary to satisfy the CAISO’s operational and reliability needs after taking into account the effective capacity provided by the alternative solution. If there is a reasonable alternative solution that fully resolves the CAISO’s operational and reliability needs, the CAISO will not extend the designation under Section 43.2.4.

**43.3.6 Term – Exceptional Dispatch CPM**

Exceptional Dispatch CPM Capacity designated under Section 43.2.5 shall have a term of thirty (30) days. If the CAISO determines that the circumstances that led to the Exceptional Dispatch are likely to extend beyond the initial thirty (30) day period, the CAISO shall issue an Exceptional Dispatch CPM or other CPM designation for an additional thirty (30) days.

**43.3.7 Term -- Capacity At Risk Of Retirement Needed For Reliability**

## A CPM designation for Capacity at risk of retirement under Section 43.2.6 shall have a minimum commitment term of one (1) month and a maximum commitment term of one (1) year, based on the number of months for which the capacity is to be procured within the current RA Compliance Year, The term of the designation may not extend into a subsequent Resource Adequacy Compliance Year. The CAISO shall rescind the CPM designation for any month during which the resource is under contract with an LSE to provide RA Capacity. 43.4 Selection Of Eligible Capacity Under The CPM

In accordance with Good Utility Practice, the CAISO shall make designations of Eligible Capacity as CPM Capacity under Section 43.2 based on the following criteria:

(1) the effectiveness of the Eligible Capacity at meeting the designation criteria specified in Section 43.2;

(2) the capacity costs associated with the Eligible Capacity;

(3) the quantity of a resource’s available Eligible Capacity, based on a resource’s PMin, relative to the remaining amount of capacity needed;

(4) the operating characteristics of the resource, such as dispatchability, Ramp Rate, and load-following capability;

(5) whether the resource is subject to restrictions as a Use-Limited Resource; and

(6) for designations under Section 43.2.3, the effectiveness of the Eligible Capacity in meeting local and/or zonal constraints or other CAISO system needs.

In making this determination, the CAISO will attempt to designate lower cost resources that have specified a capacity price before designating resources that have not specified a capacity price, taking into account factors (1), (3), (4), (5) and (6) of this Section concerning the relative effectiveness of the resource and the resource’s PMin. If after applying these criteria, two or more resources that are eligible for designation equally satisfy these criteria, the CAISO shall utilize a random selection method to determine the designation between those resources.

While the CAISO does not have to designate the full capability of a resource, the CAISO may designate under the CPM an amount of CPM Capacity from a resource that exceeds the amount of capacity identified to ensure compliance with the Reliability Criteria set forth in Section 40.3 due to the PMin or other operational requirements/limits of a resource that has available capacity to provide CPM service. The CAISO shall not designate the capacity of a resource for an amount of capacity that is less than the resource’s PMin.

## 43.5 Obligations Of A Resource Designated Under The CPM

### 43.5.1 Availability Obligations

Capacity from resources designated under the CPM shall be subject to all of the availability, dispatch, testing, reporting, verification and any other applicable requirements imposed under Section 40.6 on Resource Adequacy Resources identified in Resource Adequacy Plans. In accordance with those requirements, CPM Capacity designated under the CPM shall meet the Day-Ahead availability requirements specified in Section 40.6.1 and the Real-Time availability requirements of Section 40.6.2. Also in accordance with those requirements, Generating Units designated under the CPM that meet the definition of Short Start Units shall have the obligation to meet the additional availability requirements of Section 40.6.3, and Generating Units designated under the CPM that meet the definition of Long Start Units will have the rights and obligations specified in Section 40.6.7.1.

If the CAISO has not received an Economic Bid or a Self-Schedule for CPM Capacity, the CAISO shall utilize a Generated Bid in accordance with the procedures specified in Section 40.6.8.

In addition to Energy Bids, resources designated under the CPM shall submit Ancillary Service Bids for their CPM Capacity to the extent that the resource is certified to provide the Ancillary Service.

### 43.5.2 Obligation To Provide Capacity And Termination

The decision to accept an CPM designation shall be voluntary for the Scheduling Coordinator for any resource. If the Scheduling Coordinator for a resource accepts an CPM designation, it shall be obligated to perform for the full quantity and full period of the designation with respect to the amount of CPM Capacity for which it has accepted an CPM designation. If a Participating Generator’s or Participating Load's Eligible Capacity is designated under the CPM after the Participating Generator or Participating Load has filed notice to terminate its Participating Generator Agreement or Participating Load Agreement or withdraw the Eligible Capacity from its Participating Generator Agreement or Participating Load Agreement, and the Scheduling Coordinator for the resource agrees to provide service under the CPM, then the Scheduling Coordinator shall enter into a new Participating Generator Agreement or Participating Load Agreement, as applicable, with the CAISO.

## 43.6 Reports

The CAISO shall publish the following reports and notices.

### 43.6.1 CPM Designation Market Notice

The CAISO shall issue a Market Notice within two (2) Business Days of an CPM designation under Sections 43.2.1 through 43.2.6. CPM designations as a result of Exceptional Dispatches shall be subject to the reporting requirement set forth in Section 34.9.4. The Market Notice shall include a preliminary description of what caused the CPM designation, the name of the resource(s) procured, the preliminary expected duration of the CPM designation, the initial designation period, and an indication that a designation report is being prepared in accordance with Section 43.6.2.

### 43.6.2 Designation Of A Resource Under The CPM

The CAISO shall post a designation report to the CAISO Website and provide a Market Notice of the availability of the report within the earlier of thirty (30) days of procuring a resource under Sections 43.2.1 through 43.2.6 or ten (10) days after the end of the month. The designation report shall include the following information:

(1) A description of the reason for the designation (LSE procurement shortfall, Local Capacity Area Resource effectiveness deficiency, or CPM Significant Event), and an explanation of why it was necessary for the CAISO to utilize the CPM authority);

(2) The following information would be reported for all backstop designations:

(a) the resource name;

(b) the amount of CPM Capacity designated (MW),

(c) an explanation of why that amount of CPM Capacity was designated,

(d) the date CPM Capacity was designated,

(e) the duration of the designation; and

(f) the price for the CPM procurement; and

(3) If the reason for the designation is an CPM Significant Event, the CAISO will also include:

(a) a discussion of the event or events that have occurred, why the CAISO has procured CPM Capacity, and how much has been procured;

(b) an assessment of the expected duration of the CPM Significant Event;

(c) the duration of the initial designation (thirty (30) days); and

(d) a statement as to whether the initial designation has been extended (such that the backstop procurement is now for more than thirty (30) days), and, if it has been extended, the length of the extension.

### 43.6.3 Non-Market And Repeated Market Commitment Of Non-RA Capacity

Within ten (10) calendar days after the end of each month, the CAISO shall post a report to the CAISO Website that identifies for the prior month:

(1) Any non-market commitments of non-Resource Adequacy Capacity; and

(2) All market commitments of non-Resource Adequacy Capacity.

The CAISO will provide a Market Notice of the availability of this report. The report will not include commitments of RMR Generation capacity, Resource Adequacy Capacity or designated CPM Capacity. The report shall include the following information:

(a) the name of the resource;

(b) the IOU Service Area and Local Capacity Area (if applicable);

(c) the maximum capacity committed in response to the event (MW);

(d) how capacity was procured (for example, by RUC or Exceptional Dispatch);

(e) the reason capacity was committed; and

(f) information as to whether or not all Resource Adequacy Resources and previously-designated CPM Capacity were used first and, if not, why they were not.

### 43.6.4 Board Of Governors Report

The CAISO will include in the operations report provided to the CAISO Governing Board at each board meeting a summary of CPM costs.

## 43.7 Payments To Resources Designated Under The CPM

Scheduling Coordinators for Eligible Capacity may submit to the CAISO an intention to be paid a monthly CPM Capacity Payment under Section 43.7.1 or Section 43.7.2. Scheduling Coordinators for Eligible Capacity will be able to change their selections annually within thirty (30) days of a CAISO Market Notice seeking such payment preferences. To the extent a Scheduling Coordinator for Eligible Capacity does not submit a selection to be compensated in accordance with Section 43.7.2, the Scheduling Coordinator shall be deemed to have selected to be paid on a resource-specific basis pursuant to Section 43.7.2, for purposes of the CAISO’s CPM designation determinations.

### 43.7.1 Monthly CPM Capacity Payment

Scheduling Coordinators representing resources receiving payment under this Section 43.7.1 shall receive a monthly CPM Capacity Payment for each month of CPM designation equal to the product of the amount of their CPM Capacity, the relevant CPM Availability Factor for Forced Outages, as determined in accordance with Appendix F, Schedule 6, a monthly shaping factor as set forth in Appendix F, Schedule 6, a fixed CPM Capacity price of $55/kW-year and the CPM Availability Percentage for Maintenance Outages, so that the formula for determining the monthly CPM Capacity Payment would be as follows:

(CPM Capacity MW) x (CPM Availability Factor for Forced Outages) x (1/12 monthly shaping factor) x ($55/kW-year) x CPM Availability Percentage for Maintenance Outages.

The CPM Availability Percentage for Maintenance Outages is equal to the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Maintenance Outage or non-temperature-related ambient de-rates to (2) the product of CPM Capacity MW and the total hours in the month.

The foregoing formula shall apply to all CPM Capacity receiving monthly CPM Capacity Payments under this Section 43.7.1 except for CPM Capacity designated to respond to an CPM Significant Event or an Exceptional Dispatch CPM, in which case the monthly CPM Capacity Payment shall be based proportionately on the actual number of days the resource was designated as CPM Capacity during the month to the total number of days in the month.

For purposes of CPM designations, except for designations for CPM Significant Events and Exceptional Dispatch CPM, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Forced Outage or temperature-related ambient de-rate, to (2) the product of CPM Capacity MW and the total hours in the month.

For purposes of CPM designations for CPM Significant Events and Exceptional Dispatch CPM, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour across all hours of the month or part of the month for which a unit is designated, whichever is applicable, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Forced Outage or temperature-related ambient de-rate , to (2) the product of CPM Capacity MW and the total hours in the month or part of the month for which a unit is designated, whichever is applicable.

### 43.7.2 Resource-Specific CPM Capacity Payment

If a Scheduling Coordinator for Eligible Capacity believes that the $55/kW-year CPM Capacity price under Section 43.7.1 will not compensate a resource for its going forward costs, as calculated in accordance with the formula provided in Section 43.7.2.2, the Scheduling Coordinator may annually in accordance with Section 43.7, inform the CAISO of what proposed higher CPM Capacity price would compensate the resource for its going forward costs and which the Scheduling Coordinator is willing to have the CAISO use for purposes of the CPM designation process ("going forward cost offer price").

**43.7.2.1 Failure to Submit Going Forward Cost Offer Price**

A Scheduling Coordinator for a resource is not required to submit a specific going forward cost offer price for such resource under the process provided for in Section 43.7; however, except for an Exceptional Dispatch CPM designation, a Scheduling Coordinator that has not previously identified the going forward cost offer price for a resource must notify the CAISO of what that price is before any CAISO designation of that resource’s capacity as CPM Capacity can become effective. In the case of an Exceptional Dispatch CPM designation on behalf of a resource that has not selected the supplemental revenues option, the CPM designation shall become effective notwithstanding the resource’s failure to select compensation pursuant to Section 43.7.1 or to identify a going forward cost offer price pursuant to Section 43.7.2. In such a case, the CAISO shall use the compensation under Section 43.7.1 for both dispatch and compensation for the 30-day term. In the case of a Scheduling Coordinator that has not previously identified the going forward cost offer price for a resource, the cap on supplemental revenues under Section 39.10.4 will be calculated using the monthly capacity payment under Section 43.7.1.

**43.7.2.1.1 Determination of Capacity Price**

If the CAISO designates a resource that has proposed an CPM Capacity price above $55/kW-year, and the sales from the resource are under the jurisdiction of the FERC, the Scheduling Coordinator for the resource shall make a limited resource-specific filing before the FERC to determine the just and reasonable capacity price for the going forward costs for the resource to be used in applying the CAISO’s FERC jurisdictional monthly CPM Capacity Payment formula. If the sales from the resource are not under the jurisdiction of the FERC, the Scheduling Coordinator for the resource shall make a non-jurisdictional filing with the FERC to determine the just and reasonable capacity price for the going forward costs for the resource to be used in applying the CAISO’s FERC-jurisdictional monthly CPM Capacity Payment formula.**43.7.2.1.2 Going Forward Cost**

In making the cost justification filing with FERC for an CPM Capacity price above $55/kW-year, the Scheduling Coordinator for the resource may not propose -- and shall not get paid --an amount higher than the going forward cost offer price that it had previously proposed to the CAISO as its going forward cost offer price under Section 43.7 or this Section 43.7.2, either prior to or at the time of CPM designation.

Going forward costs for any resource-specific filing under this Section shall be calculated based on the following formula:

(fixed operation & maintenance costs, plus ad valorem taxes, plus administrative & general costs, plus ten percent (10%) of the foregoing amounts),

provided such costs shall be converted to a fixed $/kW-year amount.

**43.7.2.2 Resource-Specific Monthly CPM Capacity Payment**

Scheduling Coordinators representing resources receiving payment under Section 43.7.2 shall receive a monthly CPM Capacity Payment for each month of CPM designation equal to the product of the amount of their CPM Capacity, the relevant CPM Availability Factor for Forced Outages as determined in accordance with Appendix F, Schedule 6, a monthly shaping factor as set forth in Appendix F, Schedule 6, the resource-specific CPM Capacity price, as determined by FERC and the CPM Availability Percentage for Maintenance Outages, in accordance with the following formula:

(CPM Capacity MW) x (CPM Availability Factor for Forced Outages) x (1/12 monthly shaping factor) x (the resource-specific CPM Capacity price as determined by FERC) x CPM Availability Percentage for Maintenance Outages.

The CPM Availability Percentage for Maintenance Outages is equal to the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Maintenance Outage or non-temperature-related ambient de-rate to (2) the product of CPM Capacity MW and the total hours in the month.

The foregoing formula shall apply to all CPM Capacity receiving monthly CPM Capacity Payments under Section 43.7.2 except for CPM Capacity designated to respond to an CPM Significant Event or Exceptional Dispatch CPM, in which case the monthly CPM Capacity Payment shall be based proportionately on the actual number of days the resource was designated as CPM Capacity during the month and available to the CAISO to the total number of days in the month.

Prior to the determination by FERC of the resource-specific going forward costs for CPM Capacity designated and paid pursuant to Section 43.7.2, the CAISO shall proceed as follows. For the period between the CAISO’s designation and the FERC’s determination, the CAISO shall utilize the $55/kW-year rate for purposes of the resource-specific monthly CPM Capacity Payment for financial Settlement. This amount shall be subject to surcharge based on the outcome of the FERC proceeding so that the resource will receive any higher actual resource-specific payment as determined by FERC for the full period of the CPM designation. Once approved by FERC, the CAISO shall apply the higher of $55/kW-year or the resource-specific CPM Capacity price as determined by the FERC.

For purposes of CPM designations, except for designations for CPM Significant Events, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Forced Outage or temperature-related ambient de-rates, to (2) the product of CPM Capacity MW and the total hours in the month.

For purposes of CPM designations for CPM Significant Events, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour across all hours of the month or part of the month for which a unit is designated, whichever is applicable, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available and is not on an authorized Outage, to (2) the product of CPM Capacity MW and the total hours in the month or part of the month for which a unit is designated, whichever is applicable.

### For purposes of this Section 43.6.2, an authorized Outage shall be limited to a CAISO Approved Maintenance Outage.43.7,3 Market Payments

In addition to the CPM Capacity Payment identified in Section 43.7, CPM resources shall be entitled to retain any revenues received as a result of their selection in the CAISO Markets, provided, however, that CPM resources are required to participate in the RUC process through submission of a zero ($0) dollar RUC Availability Bid and are not eligible to receive compensation through the RUC process.

## 43.8 Allocation Of CPM Capacity Payment Costs

For each month, the CAISO shall allocate the costs of CPM Capacity Payments made pursuant to Section 43.7 as follows:

### 43.8.1 LSE Shortage Of Local Capacity Area Resources In Annual Plan

If the CAISO makes CPM designations under Section 43.2.1.1 to address a shortage resulting from the failure of a Scheduling Coordinator for an LSE to identify sufficient Local Capacity Area Resources to meet its applicable Local Capacity Area capacity requirements in its annual Resource Adequacy Plan, then the CAISO shall allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro rata to each Scheduling Coordinator for an LSE based on the ratio of its Local Capacity Area Resource Deficiency to the sum of the deficiency of Local Capacity Area Resources in the deficient Local Capacity Area(s) within a TAC Area. The Local Capacity Resource Deficiency under this Section shall be computed on a monthly basis and the CPM Capacity Payments allocated based on deficiencies during the month(s) covered by the CPM designation(s).

### 43.8.2 LSE Shortage Of Local Capacity Area Resources In Month Plan

If the CAISO makes CPM designations under Section 43.2.1.2 to address a shortage resulting from the failure of a Scheduling Coordinator for an LSE to identify sufficient Local Capacity Area Resources to meet its applicable Local Capacity Area capacity requirements in its monthly Resource Adequacy Plan, then the CAISO shall allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro rata to each Scheduling Coordinator for an LSE based on the ratio of its Local Capacity Area Resource Deficiency to the sum of the deficiency of Local Capacity Area Resources in the deficient Local Capacity Area(s) within a TAC Area.

### 43.8.3 Collective Deficiency In Local Capacity Area Resources

If the CAISO makes designations under Section 43.2.2, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs serving Load in the TAC Area(s) in which the deficient Local Capacity Area was located. The allocation will be based on the Scheduling Coordinators’ proportionate share of Load in such TAC Area(s) as determined in accordance with Section 40.3.2, excluding Scheduling Coordinators for LSEs that procured additional capacity in accordance with Section 43.2.1.2 on a proportionate basis, to the extent of their additional procurement.

### 43.8.4 LSE Shortage Of Demand Or Reserve Margin Requirement In Plan

If the CAISO makes CPM designations under Section 43.2.3, then the CAISO will allocate the total costs of the CPM Capacity Payments for such CPM designations (for the full term of those CPM designations) pro rata to each LSE based on the proportion of its deficiency to the aggregate deficiency.

### 43.8.5 Allocation Of CPM Significant Event Costs

If the CAISO makes any CPM Significant Event designations under Section 43.2.4, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs that serve Load in the TAC Area(s) in which the CPM Significant Event caused or threatened to cause a failure to meet Reliability Criteria based on the percentage of actual Load of each LSE represented by the Scheduling Coordinator in the TAC Area(s) to total Load in the TAC Area(s) as recorded in the CAISO Settlement system for the actual days during any Settlement month period over which the designation has occurred.

### 43.8.6 Allocation Of Exceptional Dispatch CPMs

If the CAISO makes any Exceptional Dispatch CPM designations under Section 43.2.5, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs that serve Load in the TAC Area(s) in which the need for the Exceptional Dispatch CPM arose based on the percentage of actual Load of each LSE represented by the Scheduling Coordinator in the TAC Area(s) to total Load in the TAC Area(s) as recorded in the CAISO Settlement system for the actual days during any Settlement month period over which the designation has occurred.

**43.8.7 Allocation of CPM Costs For Resources At Risk of Retirement Needed for Reliability**

If the CAISO makes any CPM designations under Section 43.2.6 for resources at risk of retirement needed for reliability, the CAISO shall allocate the costs of such designations to all Scheduling Coordinators for LSEs that serve Load in the TAC Area(s) in which the need for the CPM designation arose based on the percentage of actual Load of each LSE represented by the Scheduling Coordinator in the TAC Area(s) to total Load in the TAC Area(s) as recorded in the CAISO Settlement system for the actual days during any Settlement month period over which the designation has occurred.

## 43.9 Crediting Of CPM Capacity

The CAISO shall credit CPM designations to the resource adequacy obligations of Scheduling Coordinators for Load Serving Entities as follows:

(a) To the extent the cost of CPM designation under Section 43.2.1.1 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43.8.1, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards (1) the LSE’s Local Capacity Area Resource obligation under Section 40.3.2 in an amount equal to the LSE’s pro rata share of the CPM Capacity designated under Section 43.2.1.1 and (2) the LSE’s Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE’s pro rata share of the CPM Capacity designated under Section 43.2.1.1.

(b) To the extent the cost of CAISO designation under Section 43.2.2 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43.8.3, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE’s Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE’s pro rata share of the CPM Capacity designated under Section 43.2.2.

(c) To the extent the cost of CPM designation under Section 43.2.3 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43.8.4, and the designation is for greater than one month under Section 43.3.4, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE’s Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE’s pro rata share of the CPM Capacity designated under Section 43.2.3.

(d) To the extent the cost of CPM designation under Section 43.2.6 is allocated to a Scheduling Coordinator on behalf of a LSE under Section 43.8.4, and the designation is for greater than one month under Section 43.3.4, the CAISO shall provide the Scheduling Coordinator on behalf of the LSE, for the term of the designation, credit towards the LSE’s Demand and Reserve Margin requirements determined under Section 40 in an amount equal to the LSE’s pro rata share of the CPM Capacity designated under Section 43.2.6.

(e) The credit provided in this Section shall be used for determining the need for the additional designation of CPM Capacity under Section 43.2 and for allocation of CPM costs under Section 43.8.

(e) For each Scheduling Coordinator that is provided credit pursuant to this Section,the CAISO shall provide information, including the quantity of capacity procured in MW, necessary to allow the CPUC, other Local Regulatory Authority, or federal agency with jurisdiction over the LSE on whose behalf the credit was provided to determine whether the LSE should receive credit toward its resource adequacy requirements adopted by such agencies or authorities.

\* \* \*

**34.9 Exceptional Dispatches**

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 Day-Ahead or RTM optimization software so that they will be

accounted for and included in the communication of Day-Ahead Schedules and Dispatch Instructions to

Scheduling Coordinators. Exceptional Dispatches are not derived through the use of the IFM or RTM

optimization software and are not used to establish the LMP at the applicable PNode. The CAISO will

record the circumstances that have led to the Exceptional Dispatch.

In accordance with Good Utility Practice, the CAISO shall make designations of Eligible Capacity for Exceptional Dispatch based on the following criteria:

(1) the effectiveness of the Eligible Capacity at meeting the designation criteria specified in Section 43.2;

(2) the capacity costs associated with the Eligible Capacity;

(3) the quantity of a resource’s available Eligible Capacity, based on a resource’s PMin, relative to the remaining amount of capacity needed;

(4) the operating characteristics of the resource, such as dispatchability, Ramp Rate, and load-following capability; and

(5) whether the resource is subject to restrictions as a Use-Limited Resource.

Except as provided in this Section 34.9, 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. 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.

\* \* \*

**APPENDIX F**

**Schedule 6**

**CPM SCHEDULES**

**Monthly CPM Capacity Payment**

The monthly CPM Capacity Payment shall be calculated by multiplying the monthly shaping factor of

1/12 by the annual CPM Capacity price of $55/kW-year in accordance with Section 43.7.1, unless the

Scheduling Coordinator for the CPM Capacity resource has agreed to another price that has been

determined in accordance with Section 43.7.2.

**Availability**

The target availability for a resource designated under CPM is 95%. Incentives and penalties for

availability above and below the target are as set forth in the table below, entitled "Availability Factor

Table." The CAISO shall calculate availability on a monthly basis using actual availability data. The

CPM Availability Factor for Forced Outages for each month shall be calculated using the following curve:

**AVAILABILITY FACTOR TABLE**

**Availability Capacity Payment ICPM**   **Factor Availability**

**Factor**

100% 3.3% 1.139

99% 3.3% 1.106

98% 3.3% 1.073

97% 2.5% 1.040

96% 1.5% 1.015

95% - 1.000

94% -1.5% .985

93% -1.5% .970

92% -1.5% .955

91% -1.5% .940

90% -1.5% .925

89-80% -1.7%**\*** .908-.755

79-41% -1.9%**\*** .736-.014

-40% - 0.0

\*The "Capacity Payment Factor" decreases by 1.7% and 1.9% respectively for every 1% decrease in availability.

The CPM Capacity Payment shall be adjusted upward from the 95% availability starting point by the

positive percentages listed as the "Capacity Payment Factor" above, by multiplication by the amounts

listed for each CPM Availability Factor above 95%, so that, for example, if a 97% availability is achieved

for the month, then the CPM Capacity Payment for that month would be the monthly value for 95% plus

an additional 4% (1.5% for the first percent availability above 95%, and 2.5% for the second percent

availability above 95%), i.e., multiplication of the otherwise applicable CPM Capacity Payment by the

CPM Availability Factor of 1.040. Reductions in the CPM Capacity Payment shall be made

correspondingly according to the "Capacity Payment Factor" above for monthly availability levels falling

short of the 95% availability starting point, by multiplication by the amounts listed for each CPM

Availability Factor below 95%.

\* \* \*