

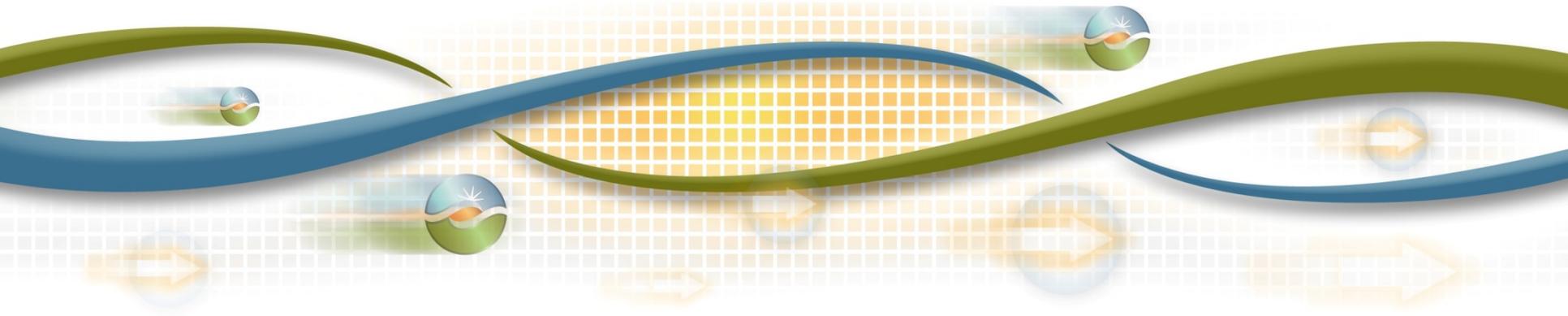


California ISO
Shaping a Renewed Future

Briefing on ISO tariff framework

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Balancing authorities outside the ISO participate in the EIM to satisfy their needs for imbalance energy.

Energy Imbalance Market



imbalance energy is not the only service the real-time market provides



- ancillary services
- capacity procurement
- emergency dispatch



design accounts for differences from the ISO real-time market

Extending the ISO real-time market to EIM participants relies upon a defined tariff framework.

- Embedded in the ISO tariff and extends to EIM participant OATTs
- Accounts for differences between the ISO real-time market and its extension to EIM participants
- Ensures consistency of real-time market rules for the benefit of all market participants
- Allows flexibility for EIM participants
- Establishes a reference point for scope of separate, independent governance of EIM market rules

The framework reflected in the ISO tariff follows a few fundamental rules of construction and organization.

- Rules unique to the EIM are set forth in section 29
 - numbering is consistent with the same subject matter in the balance of the ISO tariff
- Rules applicable to the EIM and the real-time market are incorporated by reference in section 29
- Rules applicable to the real-time market but not the EIM are excluded by reference in section 29
- Rules that allocate costs between the real-time market and the EIM are reflected in section 11
 - limited to three rules: offset costs, bid-cost recovery, and flexible ramping constraint costs

Each participant OATT must enable operation of the EIM in accordance with the ISO tariff.

- Amendment of each participant's OATT is required to a provide imbalance energy service pursuant to the EIM
 - eligibility of resources
 - availability of transmission
 - allocation of neutrality and uplift costs
 - settlement of imbalance energy costs
- PacifiCorp developed a new OATT Attachment T that includes most EIM rules applicable to their customers
 - Attachment T references key ISO tariff provisions
 - Attachment T governs over other OATT provisions

FERC's June 19 orders recognize the tariff framework as an important element of the EIM.

“The proposal encompasses—within one realtime balancing market—entities within an ISO market and entities outside an RTO/ISO market operating BAAs pursuant to OATTs. The structural differences between these areas require differences in treatment within the context of a single EIM . . .” (ISO at PP 76)

“Specifically, we find that PacifiCorp's proposal to include cross-references in its OATT to the relevant provisions of CAISO's tariff is appropriate to ensure PacifiCorp's seamless integration into the EIM.” (PacifiCorp at PP 101)