



# **Western EIM Governance Review – Phase Three (EDAM)**

*Governance Review Committee  
Revised Proposal*

**October 31, 2022**

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## Glossary of Abbreviations and Certain Defined References

<b>Abbreviation</b>	<b>Description</b>
Arizona Utilities	Salt River Project Agricultural Improvement and Power District, Arizona Public Service and Tucson Electric Power
Board	Board of Governors of the California ISO
BOSR	Body of State Regulators
BPA	Bonneville Power Administration
CAISO	California Independent System Operator
CRR	Congestion Revenue Right
EDAM	Extended Day-Ahead Market
EIM	[Western] Energy Imbalance Market
FERC	Federal Energy Regulatory Commission
Governing Body	WEIM Governing Body
GRC	Governance Review Committee
MSC	Market Surveillance Committee
Nominating Committee	The Nominating Committee established in the Selection Policy to choose members of the Governing Body
RIF	Regional Issues Forum
RTO	Regional Transmission Organization
SPP	Southwest Power Pool
WAPA	Western Area Power Administration
WEIM	Western Energy Imbalance Market

## Documents Cited

This Proposal uses capitalized terms to cite a range of CAISO documents about governance and related topics, as well as previous papers of the GRC. This table includes the full title of each document, a description and a link for each cited document.

<b>Reference</b>	<b>Document</b>
Board Selection Policy	California ISO Board Selection Policy, August 17, 2022 (version 5.1), available <a href="#">here</a>
Bylaws	Amended & Restated Bylaws of the California Independent System Operator Corporation, effective November 3, 2021 (version 10.0), available <a href="#">here</a>
Charter for EIM Governance	Charter for Energy Imbalance Market Governance, September 23, 2021 (version 1.5), available <a href="#">here</a>
GRC Charter	Governance Review Committee Charter, June 28, 2019 (version 1.1) available <a href="#">here</a>
Guidance Document	Guidance for Handling Policy Initiatives that may Come Before the EIM Governing Body, September 23, 2021 (version 1.2), available <a href="#">here</a>
Open Meeting Policy	California ISO Open Meeting Policy, December 9, 2019 (version 3.8), available <a href="#">here</a>
Part Two Draft Final Proposal	Governance Review Committee Part Two Draft Final Proposal, July 19, 2021, available <a href="#">here</a>
Selection Policy	Selection Policy for the EIM Governing Body, July 15, 2021 (version 1.2, available <a href="#">here</a>

## I. Introduction

The Governance Review Committee (GRC) is an advisory committee of stakeholders brought together from throughout the West and charged by the Board of Governors and the Western Energy Imbalance Market (WEIM) Governing Body with developing proposed refinements to WEIM governance to support the growth of the WEIM and the proposed Extended Day-Ahead Market (EDAM). The Board and the Governing Body asked the GRC to lead public stakeholder processes on WEIM and EDAM governance and to develop proposals for the Board and Governing Body to consider.<sup>1</sup>

This Revised Proposal is the second in a series of straw proposal papers the GRC is preparing to develop governance enhancements to accommodate the EDAM. The final proposal will be provided to the Board and the Governing Body for their joint consideration.

The EDAM will not replace the WEIM, but instead will be available on an optional basis to participants who wish to extend their participation to the day-ahead market co-optimized across the entire market footprint. The functions of EDAM and WEIM will exclude various central elements found in a full Regional Transmission Organization (RTO) such as a common resource adequacy policy, transmission planning, and financial congestion instruments, among other elements.

Like our initial Straw Proposal, this Revised Proposal is not intended to be a model for RTO governance. It is universally recognized that in order for the West to have a multi-state RTO, an independent board free from the influence of any one state will be required. The elements of a full RTO (common transmission planning and cost allocation and a single set of resource adequacy rules, for example) demand it. The role of the states would also have to be addressed, as has occurred in other RTOs, due to the impacts of RTO policies on state jurisdictional responsibilities. It is therefore important to recognize that if regional market collaboration is to advance beyond the EDAM, the governance conversation must continue, and the proposals of the GRC set forth herein are not the “end game.”

Governance is, however, a key issue for potential EDAM participants who are weighing whether to commit a significantly greater share of their energy transactions to the CAISO market. In our Straw Proposal, the GRC recommended a set of changes that were an attempt to strike the right balance for the EDAM. These governance rules must give EDAM participants sufficient assurance that the market will be governed with the objective of benefitting the market as a whole, appropriately reflecting their enhanced level of commitment. At the same time, the governance rules must also accommodate the needs of the full market participants who must rely

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<sup>1</sup> The Board and WEIM Governing Body approved the GRC Charter, which sets forth our role and scope of work. Members of the GRC are listed on the WEIM website at <https://www.westerneim.com/Pages/Governance/GovernanceReviewCommittee.aspx>.

on both the day-ahead and real-time market, and also the full services associated with the CAISO balancing authority area.

Stakeholders were asked to provide further input on each aspect of that proposal, and the GRC is pleased to have received a large number of written comments from a broad cross-section of stakeholders throughout California and the West. These comments include thoughtful input on every aspect of the Straw Proposal. As discussed below, there are some areas that show broad consensus among stakeholders, as well as others where stakeholders' viewpoints and recommendations are more varied. In all cases the comments are substantive and robust, thus helping crystallize the GRC's collective thinking about how best to improve and refine the proposal.

In this paper, the GRC discusses the comments on the Straw Proposal, explains how these comments have influenced our collective thinking, and offers a set of refinements to the proposal. This Revised Proposal – which comes after three rounds of written stakeholder comments, four general session stakeholder meetings, and nearly a year of informal stakeholder outreach and discussion – covers all of the issues we have been asked to address and is near ready for submission to the Board and WIEM Governing Body for their consideration. The GRC will provide one additional opportunity for stakeholder comment on whether and, if so, how this proposal may be further refined, which will inform our final proposal that we intend to publish in early December.

For ease of reference, this paper follows the same organizational structure, with the same grouping of topics, as was used for the Straw Proposal. The next section of this paper (Section II) describes the process the GRC has followed to develop its proposed recommendations, certain principles we developed to guide our work, and factors we are using to evaluate the various alternatives. Sections III through VII set forth our proposals in each of the major topic areas we have identified and discuss the basis for each proposal. For ease of reference, we have also provided, in Section VIII, a chart summarizing those proposals, followed by an overview of next steps and a procedural schedule in Section IX.

As in prior papers, we also include an Appendix for reference purposes. Appendix A is a summary of certain legal topics developed by CAISO legal counsel at our request. This summary discusses provisions of the California Corporations Code and federal tax law that we have considered in developing the proposals outlined in this paper. It also addresses various legal questions stakeholders have raised in their comments or in discussions with GRC members. Appendix B is an illustrative table of the tariff provisions that would potentially fall within the Governing Body's shared approval authority and is discussed in detail in Section III below.

## **II. The Governance Review Committee Initiative**

### **A. Process Followed to Develop the Proposal**

Since the inception of the GRC, we have used two main avenues to obtain formal stakeholder input for our governance proposals. We have prepared written papers that present proposals and solicit written stakeholder input. We also have held a series of public meetings, in-person and by

videoconference, where GRC members present an overview of the committee's work and current proposals and where stakeholders have been invited to ask questions and provide further input. In addition, GRC members conducted significant direct outreach with a wide range of stakeholders on both specific and general governance interests.

The GRC also has used both smaller working groups and executive sessions of the full committee to develop our proposals further in response to the input we have received. Each of the working groups has considered specific topics identified in stakeholder comments. These working group sessions allow a smaller group of members to delve more deeply into all of the stakeholder input we have received on each main topic, discuss in depth potential alternatives, and develop preliminary recommendations for consideration by the broader GRC on each of the topics covered in this paper.

Through an iterative process with the working groups, the GRC as a whole has discussed and considered each of the topics covered in stakeholder comments and has developed the proposals set forth in this paper.

## **B. Principles Adopted to Guide our Work**

In our earlier work updating the governance for WEIM, the GRC developed, with stakeholder review and input, a set of general principles that we have used to guide our effort. Those principles helped to ensure that the GRC members have a clear and common understanding of what we are attempting to accomplish and how to perform our work.

At the beginning of this new phase focused on EDAM, we reviewed the principles to determine whether any revisions were warranted. As explained in our Straw Proposal, the principles include one overarching principle that establishes a goal for our work and several more specific principles that guide decision making.

The overarching principle states that the GRC shall:

Ensure that the governance of the WEIM and the EDAM provide stakeholders throughout the West with confidence that the governance structure represents the market(s) as a whole, broadly respects and considers the interests of all stakeholders, and is resilient under a wide range of market conditions.

The more specific principles state that the GRC shall:

- A. Focus exclusively on issues relating to governance of the WEIM and the EDAM.
- B. Seek, where possible, to build upon and refine the existing WEIM structure rather than recommending a completely new model.
- C. Ensure modifications to the governance structure are consistent with the requirements of the CAISO's status as a nonprofit public benefit corporation and any applicable legal requirements.



- D. Ensure modifications to the governance structure are consistent with the CAISO Board's corporate legal obligation to govern, oversee, and manage the affairs of the corporation.
- E. Ensure that any modifications or enhancements to the Governing Body's role in the current governance structure will promote confidence and support among stakeholders throughout the region in the successful operation of the WEIM and the EDAM.
- F. Ensure transparency in its process by conducting all meetings in conformance with the CAISO Bylaws and Open Meeting Policy.
- G. Seek, where possible, to modify or enhance the WEIM governance structure, as it relates to the establishment of the EDAM, in support of a more autonomous WEIM Governing Body.
- H. Ensure modifications or enhancements to the WEIM governance structure, as it relates to the EDAM, balance the interests of full CAISO market participants in the CAISO balancing authority area and prospective EDAM participants.
- I. Ensure modifications or enhancements to the WEIM governance, as it relates to the establishment of the EDAM, support or advance a potential future governance structure appropriate for a multi-state RTO.

Stakeholders who mentioned the updated principles in their comments all expressed support for them.<sup>2</sup>

### **C. Factors to Consider in Assessing Alternatives**

The GRC also has identified several factors to consider in connection with evaluating the various alternatives before it. As updated in our Straw Proposal, these factors are:

- Whether the alternative aligns with the GRC Principles set forth above;
- The level of resources an alternative may require or any complexity it may introduce;
- The level of stakeholder support for the proposal; and
- Any additional legal or regulatory considerations.

Where applicable, this paper discusses how one or more of these factors may influence the GRC's proposed recommendation.

## **III. Recommendations regarding the Delegation of Authority for Market Rules to the Governing Body and Related Topics**

### **A. Background on Delegation of Authority**

One key group of issues for EDAM governance involves the role that the Governing Body plays in approving policy initiatives to establish or change market rules and how that role is shared

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<sup>2</sup> See the comments of Arizona Utilities, NV Energy and PG&E.

with the Board. This topic is commonly called delegation of authority because it involves the Board delegating certain aspects of its oversight role and sharing them with the Governing Body.

As we have previously observed, there are two main substantive aspects of the current delegation of authority:

- The manner in which the Governing Body’s approval authority is shared with the Board (i.e., the “type of shared authority” held by the Governing Body); and
- The scope of market rules that are within the Governing Body’s authority to approve (i.e., its “scope of approval authority”).

There are also two main procedural topics that arise in the context of delegation of authority, which are:

- The process used to determine which approval decisions fall within the scope of the Governing Body’s shared approval authority (i.e., the “decisional classification process”); and
- The process used to resolve any disagreements between the Board and the Governing Body on whether to approve a proposal that is within their shared approval authority (i.e., the “approval dispute resolution process”).

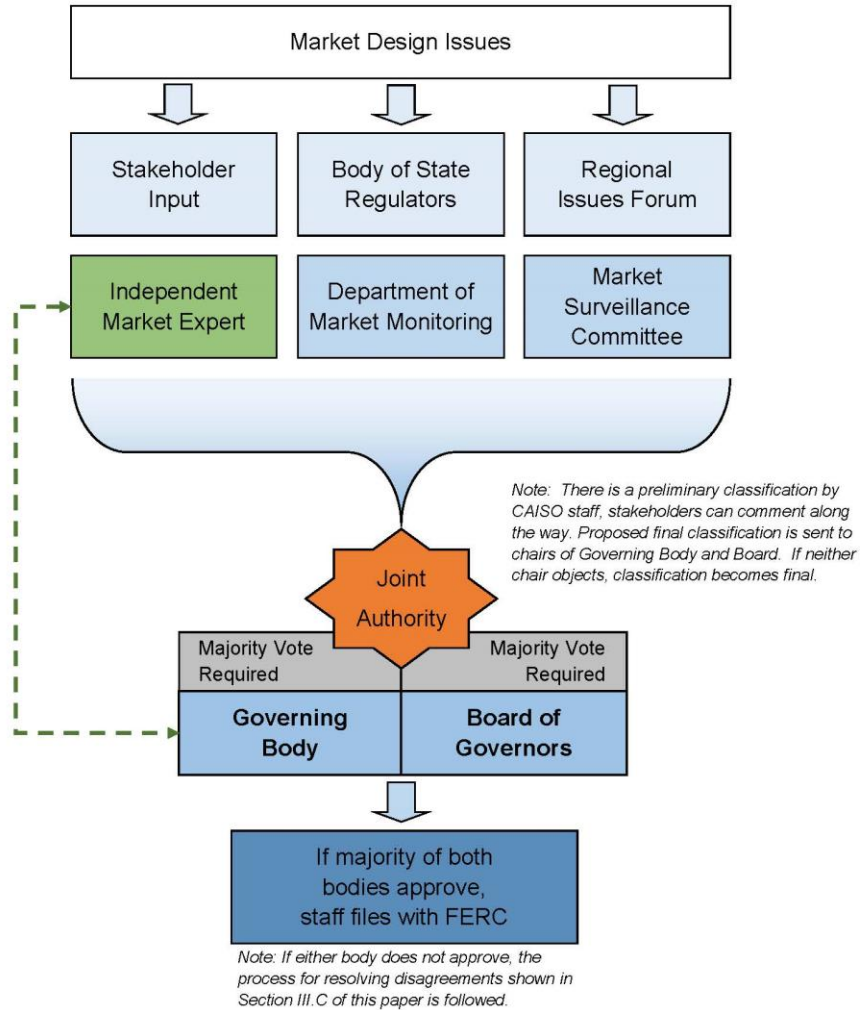
The GRC addressed each of these four topics in its Straw Proposal, and in this section we discuss below the stakeholder comments we received on each topic and the refinements we are now proposing in light of that input.

## **B. The Type of Shared Authority**

### ***1. The Straw Proposal***

For the type of shared authority, the GRC’s Straw Proposal recommended that the “joint authority” model that is currently used for the WEIM be retained for EDAM. Under this model, topics within the shared approval authority are typically presented to both bodies in a jointly held session that allows the members of both bodies to hear and participate in a full discussion of the topic. At the end of the discussion, each body then votes separately. Approval by a majority of the members of each body is required for the proposed tariff amendment to be filed with FERC. As discussed in more detail below, a vote by either body against the proposal results in a remand of the initiative to the CAISO’s open stakeholder process for further consideration consistent with the input received by the two bodies in their joint session. The overall joint authority decision process, is shown in the figure immediately below.

## Governing Body and Board of Governors Joint Decision Process



In arriving at this proposal, we observed that stakeholders had in the past expressed diverging opinions on this topic, with some supporting the joint authority model while others had recommended returning to the “primary authority” model that was used previously in connection with the original WEIM governance. Under that model, both bodies likewise needed to approve a proposal for it to be filed with FERC, but the Board’s approval occurred during its own separate meeting, typically on a consent agenda basis without discussion of the merits. The Board retained the right to vote to take the matter off the consent agenda, and if it did not agree with the Governing Body’s proposal to approve the item, it could simply vote against approval without further recourse or discussion.

After discussing the perspectives of both groups, the GRC opted to recommend the joint authority model in our Straw Proposal due to the substantial collaborative benefits it promotes. Both the existing WEIM and the EDAM are designed to operate as unified markets that co-optimize the resources of multiple balancing authority areas across a broad regional footprint. The joint authority model recognizes the high degree of interconnectedness in these markets and requires the stakeholders and the two bodies to come together with a problem-solving orientation to address any challenging issues that may arise. It also ensures that the decisions made by both the Governing Body and Board transparently consider and then balance the impacts on all customers, rather than focusing only on a subset of stakeholders that may choose to appeal to a particular body.

Although, in the Straw Proposal, we considered the collaboration between the two bodies to be an important feature that can help drive regional cooperation and understanding in the context of WEIM and EDAM, we also noted that this structure would not be sufficient in the separate, future context of a full RTO market. In that context, we observed that a more completely autonomous form of governance would be required.

## ***2. Stakeholder Comments***

While there continues to be some diversity of views on this topic, a large majority of stakeholders now support the joint authority model in the context of EDAM governance. Many stakeholders unequivocally support joint authority as the best option, largely for the reasons the GRC stated in its Straw Proposal.<sup>3</sup> As one such commenter explained, joint authority is “more transparent ... more straightforward to administer ... [and] supports holistic engagement by the two governing bodies, providing an opportunity for broader understanding and enhancing trust between the two bodies, market participants and other stakeholders.”<sup>4</sup> Another substantial group of stakeholders cite similar reasons for supporting joint authority specifically for EDAM, but either make clear that further regionalization beyond EDAM would require a more independent approach to governance<sup>5</sup> or condition their support for joint authority on a broader scope of joint authority than the current “apply to” test provides.<sup>6</sup>

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<sup>3</sup> See comments of ACP-California, BANC/LADWP, Cal CCA, CPUC - Cal Advocates, CPUC Energy Division, Northwest Requirements Utilities, PG&E, Public Generating Pool, Public Interest Organizations/Large Clean Energy Customers, SCE, Six Cities, Vistra Corp., and WEIM Body of State Regulators.

<sup>4</sup> Comments of Public Interest Organizations/Large Clean Energy Customers.

<sup>5</sup> See comments of BPA, Idaho Power, PacifiCorp, Portland General, Public Power Council, and Western Consumer Advocates.

<sup>6</sup> See comments of the Arizona Utilities. The “apply to” test is described in detail in Section III.C below.

By contrast, only one commenter expressed a preference for primary authority in the context of EDAM governance.<sup>7</sup> That stakeholder stresses the importance of moving towards a form of governance with maximum autonomy, and argues that the primary authority construct would advance that outcome by placing the primary oversight responsibility for the markets in the hands of the Governing Body.

### ***3. The GRC's Recommendation***

With the benefit of this input, the GRC reaffirms its support for the joint authority construct as the best model for EDAM. We continue to believe that this model is superior because it ensures that both bodies and all stakeholders come together in a common public forum to consider and discuss any changes to the WEIM and EDAM markets. It allows both bodies to weigh the arguments and concerns of all stakeholders, which will help to ensure outcomes that are both well informed and balanced. We further believe the joint authority construct is more likely to produce consensus-oriented outcomes than would occur if the more siloed primary authority process were employed. It should also engender greater levels of trust and understanding that will facilitate better decisions should difficult circumstances arise.

The GRC acknowledges and continues to agree with the observation made by various stakeholders that the joint authority construct would not be sufficient for a future potential full RTO. The GRC concludes, however, that this collaborative model is well-suited for the next step of EDAM, because it encourages stakeholders from across the region to come together to better understand one another, which will be an important ingredient for the success of future efforts to establish an RTO.

## **C. The Scope of the Governing Body's Shared Approval Authority**

### ***1. The Straw Proposal***

For the scope of joint authority, our Straw Proposal recommended that at minimum the “apply to” test currently used for WEIM should be extended to EDAM. Our Straw Proposal also recommended expanding the advisory input role so that it covers any real-time or day-ahead market rules that do not fall within joint authority.<sup>8</sup> We also sought stakeholder input on whether there are any additional rules that should be covered within joint authority and on any other guidance or principles that could be used for decisional classification.

Under the current decisional classification rules for WEIM, the scope of the Governing Body's decisional authority is defined through an apply to test that evaluates whether a proposed tariff amendment would apply to WEIM participants. This test is defined in the Charter for EIM Governance<sup>9</sup> as follows:

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<sup>7</sup> See comments of NV Energy.

<sup>8</sup> Currently, for WEIM the advisory input scope covers only real-time market rules that fall outside of joint authority.

<sup>9</sup> See Charter for EIM Governance at Section 2.2.1.

- “Joint authority”: The EIM Governing Body will have joint authority with the Board of Governors to approve or reject a proposal to change or establish a tariff rule applicable to the EIM Entity balancing authority areas, EIM Entities, or other market participants within the EIM Entity balancing authority areas, in their capacity as participants in EIM. The scope of this joint authority excludes, without limitation, any proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.
- “Advisory authority”: The EIM Governing Body may provide advisory input over proposals to change or establish tariff rules that would apply to the real-time market but are not within the scope of joint authority.

Expansion of the current authority to the EDAM would require extending this same apply to test to EDAM tariff rules. Under this approach, the Governing Body’s role would be revised to add a reference to the EDAM in each place where the WEIM is mentioned and add a reference to the “day-ahead” market to the definition of advisory authority.

The definition in the Charter for EIM Governance thus would be revised to read as follows:

- “Joint authority”: The [WEIM/EDAM](#) Governing Body will have joint authority with the Board of Governors to approve or reject a proposal to change or establish a tariff rule applicable to the [WEIM/EDAM](#) Entity balancing authority areas, [WEIM/EDAM](#) Entities, or other market participants within the [WEIM/EDAM](#) Entity balancing authority areas, in their capacity as participants in the [WEIM/EDAM](#). The scope of this joint authority excludes, without limitation, any proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.
- “Advisory authority”: The [WEIM/EDAM](#) Governing Body may provide advisory input over proposals to change or establish tariff rules that would apply to the real-time [and/or day-ahead](#) market but are not within the scope of joint authority.

As we noted in the Straw Proposal, this approach would entail a substantial expansion of the Governing Body’s decisional authority given that the EDAM will itself give rise to an extensive set of new tariff rules that will apply to entities that choose to participate. The apply to test would be expected to cover, for example, all or part of various existing sections of the current tariff, including the sections devoted to: Definitions and Interpretation (Section 1), Communications (Section 6), Metering (Section 10), CAISO Settlements and Billing (Section 11), Creditworthiness (Section 12), Dispute Resolution (Section 13), Uncontrollable Force, Indemnity, Liabilities, and Penalties (Section 14), Confidentiality (Section 20), Miscellaneous (Section 22), CAISO Markets and Processes (Section 27), the Energy Imbalance Market (Section 29), Bid and Self-Schedule Submission for all CAISO Markets (Section 30), the Day-Ahead Market (Section 31), the Real-Time Market (Section 34), Market Validation and Price Correction (Section 35), Rules of Conduct (Section 37), Market Power Mitigation Procedures (Section 39), and the Flexible Ramping Product (Section 44). The apply to test would also cover proposed

tariff Section 33, which is the new section of the tariff that will devoted entirely to EDAM.<sup>10</sup> These rules would become subject to the Governing Body's joint approval authority. The apply to test would also allow the Governing Body's scope of authority to grow over time to the extent that new market rules or products within the WEIM or the EDAM are developed and made applicable to WEIM or EDAM market participants.

We further observed, however, that in prior comments some stakeholders had suggested that a broader delegation of authority may be warranted in light of the increased interdependency that arises in the context of an EDAM market. To that end, we asked for stakeholder input on whether the apply to test is sufficiently broad or if joint authority should expand to certain areas beyond the rules that directly apply to WEIM and EDAM market participants.

As a conceptual matter, we identified two potential ways that an expansion to the scope of authority could be structured:

- a. Develop a set of specifically identified topics to be decided under joint authority that are in addition to those covered by the apply to test, or
- b. Extend joint authority to all real-time and day-ahead market rules but create a defined set of exceptions or exclusions for topics that would remain subject to the Board's sole approval.

We asked for stakeholder comment on both approaches, as well as for any specific proposals and rationale for how to define either the additional topics to add to joint authority or the topics that should be excluded and kept under the sole authority of the Board. We also encouraged stakeholders to discuss and explore expanded authority options with one another, including in groups that cut across existing stakeholder interest groups and across regional boundaries, in the hope that this would help to identify balanced options that hold broad appeal and provide a strong foundation for success.

## ***2. Stakeholder Comments***

Many stakeholders offered substantial comments on the scope of authority, which reflects the importance of the topic. The comments, while varied, include the following general themes.

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<sup>10</sup> The apply to test would also generally exclude from joint authority certain topics and various current sections of the tariff that do not apply to WEIM or EDAM participants, including, but not limited to, sections that address: the Comprehensive Transmission Planning Process (Section 24), Interconnection of Generating Units and Facilities (Section 25), Resource Adequacy (Section 40), Procurement of RMR Resources (Section 41), and the Capacity Procurement Mechanism (Section 43A). A more complete list of such provisions is set forth in Appendix B to this paper, which as discussed below is an illustrative table showing what parts of the existing tariff would be expected to fall within joint authority under the apply to test.



First, there are various commenters who advocate for the apply to test alone, without any further augmentation.<sup>11</sup> These stakeholders believe the test establishes a fair, clear and straightforward dividing point that is easy to understand and apply.<sup>12</sup> They note that, given the broad reach of WEIM and EDAM, the scope of rules subject to joint authority under this test will be quite broad,<sup>13</sup> covering most market design rules.<sup>14</sup> One commenter, the Six Cities, further suggests that the GRC should apply a parity principle across the balancing authority areas when considering whether to extend joint authority beyond the apply to test. Following this principle, the Six Cities argue that joint authority should not extend beyond rules that apply to WEIM or EDAM unless other balancing authority areas would likewise be willing to share authority in those same areas with respect to their internal balancing authority area operations.<sup>15</sup>

A second substantial group of commenters advocates for a broader scope of joint authority.<sup>16</sup> Several of these commenters would include all real-time and day-ahead market rules, subject only to certain limited exceptions,<sup>17</sup> while others identify types of rules that should be covered by joint authority beyond what would be covered through the apply to test.<sup>18</sup> Both sub-groups believe the apply to test alone is insufficient because it would potentially exclude tariff rules that apply to the CAISO balancing authority area alone but that may have substantial impacts on the WEIM/EDAM Entity balancing authority areas and the market participants within those balancing authority areas. Because the CAISO operates both as a balancing authority and a market operator, these commenters are concerned that such topics would not receive a full and fair consideration unless they are included within the scope of joint authority.

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<sup>11</sup> See comments of BANC/LADWP, Cal CCA, CPUC Energy Division, CPUC - Cal Advocates, PG&E, SCE, Six Cities, and the WEIM Body of State Regulators.

<sup>12</sup> See, e.g., comments of PG&E (“The advantage of this generic test is it is easy to understand and apply, and can readily encompass all future or potential tariff initiative, without regard to reference to their location within the tariff book.”); comments of WEIM Body of State Regulators (apply to rule is a “straightforward test” that “appropriately moves towards and promotes inclusivity while removing subjectivity and complexity in decisional authority assignments”).

<sup>13</sup> See, e.g., comments of Six Cities and WEIM Body of State Regulators.

<sup>14</sup> See comments of PG&E.

<sup>15</sup> See comments of Six Cities.

<sup>16</sup> See comments of Arizona Utilities, BPA, NV Energy, Powerex, Public Generating Pool, Public Power Council, Vistra Corp., and WAPA.

<sup>17</sup> See, e.g., comments of BPA, NV Energy, Powerex, Public Generating Pool, and Vistra Corp.

<sup>18</sup> See, e.g., comments of Arizona Utilities and WAPA.



Interestingly, one of the commenters in this second group, the Public Generating Pool, proposes a parity principle that seems similar to the principle advanced by the Six Cities, but argues that the principle would support a scope of authority that is broader than the apply to test. Public Generating Pool would start with a default assumption that all real-time or day-ahead market rules are subject to joint authority, but would then use a parity principle to exclude from joint authority any rules that are specific to the CAISO balancing authority area provided that potentially comparable rules for other balancing authority areas would fall outside the CAISO's WEIM/EDAM tariff and thus would be established by those balancing authority areas alone under their OATTs.

Only a few commenters address the GRC's proposal to extend the Governing Body's advisory input role to include all day-ahead market rules that are not covered by joint authority, but those who address it support the proposal.<sup>19</sup>

Finally, two commenters suggested that stakeholders could benefit from a deeper dive into the specific sections of the tariff that would be covered by joint authority, observing that this could potentially help to discern the key areas that separate the various stakeholders.<sup>20</sup>

### ***3. The Stakeholder Workshop on the Scope of Authority Issue***

In an effort to better understand the stakeholders' viewpoints and promote discussion among the various groups, the GRC recently convened a public stakeholder workshop that was devoted to the scope of authority issue. In response to stakeholder input, the GRC also used that workshop to present a more detailed illustrative summary of the tariff provisions that would be subject to joint authority under the apply to test, using the same Tariff table of contents format as the GRC used in Phase Two of its proceedings. The illustrative summary that was published for and discussed in the workshop is attached for reference as Appendix B to this paper.

The workshop included a robust exchange among the various stakeholders regarding their respective perspectives and positions on the proper scope of joint authority. With the benefit of the illustrative tariff table of the contents document, it also provided an opportunity for stakeholders who support a broader scope of authority to identify and discuss specific categories of rules that they believe should be included within joint authority that the apply to test does not cover.

Two such categories were identified. The first category involves market power mitigation rules. Although there are not currently any plans to develop market power mitigation rules for WEIM or EDAM that would apply solely to the CAISO balancing authority area, there was such a proposal that was considered several years ago. NV Energy observed that if such a proposal were to be adopted in the future, it would change the locational marginal prices for cleared bids in the CAISO balancing authority area and thereby directly impact the market outcomes for the entire

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<sup>19</sup> See comments of Public Interest Organizations/Large Clean Energy Customers, Six Cities, and the WEIM Body of State Regulators.

<sup>20</sup> See comments of PG&E and Public Generating Pool.

WEIM or EDAM footprint. Although stakeholders did not attempt to reach a consensus on whether such rules should be included within the scope of joint authority, there was no disagreement that such a rule would have this impact.

The second category involved rules governing transmission access into, out of, and through the CAISO balancing authority area. This topic fostered more debate among the various groups of stakeholders. Any transmission access and priority rules that are part of the EDAM market design would be included within joint authority under the apply to test. The apply to test would exclude from joint authority the CAISO's other balancing authority area transmission access and priority rules that apply to transactions that occur outside of WEIM or EDAM transactions. Such rules would instead be subject only to Board approval, with the Governing Body's advisory input. Stakeholders that support a broader scope of authority maintained that such rules should be subject to joint authority because they could have a significant impact on the ability of EDAM Entities to rely on exports and wheel-through transactions to meet the resource sufficiency requirements that will be part of EDAM. The stakeholders who support the apply to test disagreed with this premise, arguing that each balancing authority area should retain authority to set its own transmission priority rules for exports and wheel-through transactions that occur outside of WEIM or EDAM.

Near the close of the workshop, the GRC also presented a potential enhancement it had been considering to the advisory input process that is designed to give more weight to the Governing Body's position on such topics. Although stakeholders had only a limited opportunity to respond to the proposal during the workshop, the preliminary responses the GRC received at the workshop and through post-workshop outreach suggest that there may be significant support for this proposal, which is discussed in more detail in the next sub-section of this paper.

#### ***4. The GRC's Recommendation***

The scope of authority issue is a challenging topic that requires a careful balance of competing interests and concerns. A workable definition for joint authority must not only be fair, but also provide a clear and objective test that is relatively easy to administer, thus avoiding the potential for unproductive and unending disputes about the proper classification of future policy initiatives. It must also be matched with a robust process for receiving the Governing Body's advisory input on a broader set of topics that is designed to ensure that this input is fully considered.

With these principles in mind, the GRC proposes two enhancements to its prior proposal. The first involves a focused expansion of the joint authority definition, and the second involves enhancements to the Governing Body's advisory input role to ensure that any concerns the Governing Body may raise in that context are given full consideration.

For the first enhancement, we propose the following addition (shown in blue underlining) to the scope of authority definition presented in our prior paper, which would expand joint authority essentially to rules that directly set or adjust the formation of locational marginal prices:

- “Joint Authority”: The WEIM/EDAM Governing Body will have joint authority with the Board of Governors to approve or reject a proposal to change or establish a tariff rule

applicable to the WEIM/EDAM Entity balancing authority areas, WEIM/EDAM Entities, or other market participants within the WEIM/EDAM Entity balancing authority areas, in their capacity as participants in the WEIM/EDAM. The WEIM/EDAM Governing Body will also have joint authority with the Board of Governors to approve or reject a proposal to change or establish any tariff rule for the day-ahead or real-time markets that directly establishes or changes the formation of any locational marginal price(s) for a product that is common to the overall WEIM or EDAM market. The scope of this joint authority excludes, without limitation, any other proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.

This addition is designed to address the concern raised by NV Energy about the direct and immediate impact that any potential future CAISO balancing-authority-area-specific market power mitigation rule for WEIM or EDAM products could have on market outcomes for the entire WEIM or EDAM footprint. By covering any rule that “directly establishes or changes the formation” of a locational marginal price for a WEIM or EDAM product, the proposed addition includes both market power mitigation rules and any other potential price-formation rules that may similarly change locational marginal prices for these products.

The GRC believes that, like the apply to test, this proposal identifies a clear and well-defined set of potential tariff rules that would be subject to joint authority. It does not use any subjective terms or concepts that could produce ambiguous outcomes or debates about the proper classification.

The proposal is also consistent with the general concept of parity of treatment across balancing authority areas that various stakeholders have embraced. There are three contexts in which a proposal for a tariff rule on price formation for locational marginal prices for a WEIM/EDAM product could arise. The rule could be proposed: (1) for the entire WEIM/EDAM footprint; (2) only for one or more non-CAISO balancing authority areas within the WEIM/EDAM footprint (i.e., the WEIM/EDAM Entity balancing authority areas); or (3) only for the CAISO balancing authority area. In the first two scenarios, the proposed rule would be subject to joint authority under the apply to test because the rule would apply to the WEIM/EDAM Entity balancing authority areas. By contrast, such a proposed rule that focuses only on the CAISO balancing authority area would be excluded from joint authority under the apply to test because the apply to test does not include CAISO balancing-authority-area-only rules, even though those rules apply to a product common to the WEIM/EDAM. The addition we are proposing here would add such a CAISO balancing-authority-area-only rule to joint authority. In filling this gap, this targeted rule would create parity of treatment across the balancing authority areas by ensuring that the joint authority approval process is used regardless of whether the proposed tariff rule would apply only to any subset of the balancing authority areas within the WEIM/EDAM or to the entire WEIM/EDAM footprint.

For similar reasons the GRC is not, however, inclined to include non-WEIM/EDAM rules regarding transmission access or priority within joint authority.<sup>21</sup> While such rules clearly can affect the WEIM/EDAM Entities, the impact is less direct because those rules are not part of the WEIM/EDAM market optimization. Including CAISO balancing authority area tariff rules regarding transmission access and priority within the joint authority, either through a test that includes all real-time and day-ahead rules with specified exceptions or through some other approach, would entail embracing a more vague and subjective definition that does not produce the clarity we are seeking. More fundamentally, transmission access and priority rules are the type of rules that every balancing authority area currently retains the right to establish for itself, consistent with FERC open access principles, even as they impact other WEIM/EDAM Entities. Additionally, the Governing Body would have the right to provide advisory input on all rules that apply to the real-time or day-ahead markets, and thus stakeholders and market participants from the WEIM/EDAM Entity balancing authority areas will continue to have a readily available mechanism for ensuring that any concerns about the CAISO balancing authority area transmission access and priority rules are heard and considered by the Board.

The second enhancement relates to Advisory Authority. As noted, the Governing Body already has the authority to provide advisory input on all rules that apply to the real-time market, and we have proposed extending this to day-ahead market under EDAM. For rules that fall within this scope, we further propose establishing the following two requirements that would apply in any instance where the Governing Body advises against adoption of a proposal:

- The input must be provided and discussed in joint general session of both bodies; and
- If the Board gives approval to file the proposal with FERC, the Governing Body would have the right to hire outside counsel or other independent assistance to prepare a written statement of its opposition that will be submitted to FERC in the proceeding in which the CAISO makes its tariff filing.

These two requirements are designed to provide assurance that the Governing Body is able to play a strong and active role in influencing the outcome of the policy initiatives that are not subject to joint authority but fall within their advisory input role. The first ensures that there will be a direct and active exchange of views with the Board before it votes, and the second ensures that FERC will be fully aware of the Governing Body's views as it deliberates on the proposal.

Because this is a new proposal, the GRC seeks stakeholder comment both on this proposed enhancement and on whether any additional enhancements for the Advisory Authority process should be considered. For example, if the Governing Body does not support a proposal subject to its Advisory Authority, should this have any impact on the Board vote required to approve filing the proposal at FERC (e.g., requiring a super-majority vote of the Board rather than a simple majority)?

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<sup>21</sup> An example of such rules are the rules the CAISO is currently addressing in its Transmission Service and Market Scheduling Priorities proceeding. That proceeding may be referenced [here](#).

## **D. Procedural Issues Related to the Delegation of Authority**

In this section, we discuss two existing features of the current WEIM governance structure that are related to the delegation of authority – the decisional classification process and the dispute resolution process that would come into play if the Board and Governing Body do not agree on whether to approve an initiative within their shared approval authority. In our Straw Proposal, the GRC did not propose any changes to either of those existing processes for EDAM. We did, however, ask stakeholders to provide input on these processes, including whether any changes may be warranted.

The next two subsections reproduce the summary from our prior paper describing how these processes currently function. These are followed by a summary of the few stakeholder comments we received on these topics and our recommendation to retain these processes as currently structured.

### ***1. The Decisional Classification Process***

The “decisional classification process” is the public process the CAISO uses to determine which policy initiatives are subject to the Governing Body’s approval or advisory input and, if necessary, to resolve any disputes regarding those decisional classification determinations. This process is documented in detail in an existing governance document known as the Guidance Document.

This public process begins early in each policy initiative. The first step involves CAISO staff making a preliminary decisional classification recommendation at the earliest possible stage in each stakeholder process and seeking stakeholder comments on the proposed classification. On an iterative basis throughout the course of each stakeholder process, staff may modify or refine this proposed classification in response to stakeholder comments or to changes to the substance of the proposed initiative. Staff also publicly reports quarterly to the Governing Body on the status of its ongoing stakeholder proceedings, including on the preliminary decisional classification for each proceeding.

At the conclusion of each stakeholder process, before any proposed tariff amendment is submitted for approval, staff reports the proposed final classification to the chairs of the Governing Body and the Board, along with any stakeholder objections to the classification that were made in comments on the draft final proposal. This notification appears in a public notice that is posted on the CAISO’s website and includes the date by which any comments on the classification are due back from the two chairs. If neither chair objects to the proposed classification, then it becomes the final classification used to obtain approval for the initiative.

If either chair objects to the proposed final classification, the two chairs will confer together and if necessary with CAISO staff to attempt to resolve the matter. If the chairs are unable to reach agreement, then a dispute resolution process is triggered that involves the two bodies meeting together as a “committee of the whole” to decide the proper classification, after providing all stakeholders an opportunity to submit further comments on the proposed classification. The decision is then made by a vote of the combined members of both bodies, with the majority prevailing. In the event of a tie vote, the chair of the Board breaks the tie.

To date, the chairs have either both agreed with staff's proposed final classification or have used the consultative process to resolve any questions about the classification. As a result, there has never been a need to convene the two bodies to decide a decisional classification.

The decisional classification process has been in place, essentially unchanged, since the inception of the Governing Body in 2015. In the prior phases of the GRC's work, we took stakeholder comment on the process and concluded that it was working and did not require any substantive changes.<sup>22</sup>

## ***2. The Process for Resolving Disagreements between the Governing Body and Board on whether to approve a Proposal within their Joint Authority***

The most recent prior phase of our work developed a process to be used when the Board and the Governing Body do not agree on whether to approve a proposal that is within their joint authority.

After considerable stakeholder comment and several straw proposals, the GRC settled on an iterative remand process that requires the two bodies to continue to collaborate together, and work with stakeholders, to develop a proposal that can address the concerns that caused the two bodies to reach differing conclusions. If an irreconcilable impasse ultimately occurs, the process includes a narrowly drawn option for the Board to authorize a FERC filing without approval by the Governing Body, but the process includes several safeguards to ensure that this happens only in the case of an extreme and urgent need and with a full opportunity for the Governing Body to express its position on the filing in the submission made to FERC.<sup>23</sup>

This process, which is documented in the Charter for EIM Governance,<sup>24</sup> includes the following steps:

- *Step 1 – Articulation of Concerns.* First, at the initial public meeting where the two bodies convene to consider the proposal, those Governing Body or Board members who do not support the proposal would articulate the concerns that gave rise to the remand of the issue. A discussion would then ensue during the public meeting among the members of both bodies to explore the extent of their differences and consider potential ways to address the areas of disagreement. Stakeholders also would be encouraged to share their views during this discussion on potential ways to address the areas of disagreement.

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<sup>22</sup> See GRC Part Two Draft Final Proposal at 16-17. The only change we proposed, which was adopted, was to add a clarification to the Guidance Document that if either body has fewer than its full membership of five members at the time of a vote to resolve a decisional classification dispute, the votes of the body with fewer than five members should be weighted so that each body effectively has five votes. See Guidance Document at 4-5.

<sup>23</sup> See GRC Part Two Draft Final Proposal at 12-15 for a discussion of this proposal and other alternatives we considered.

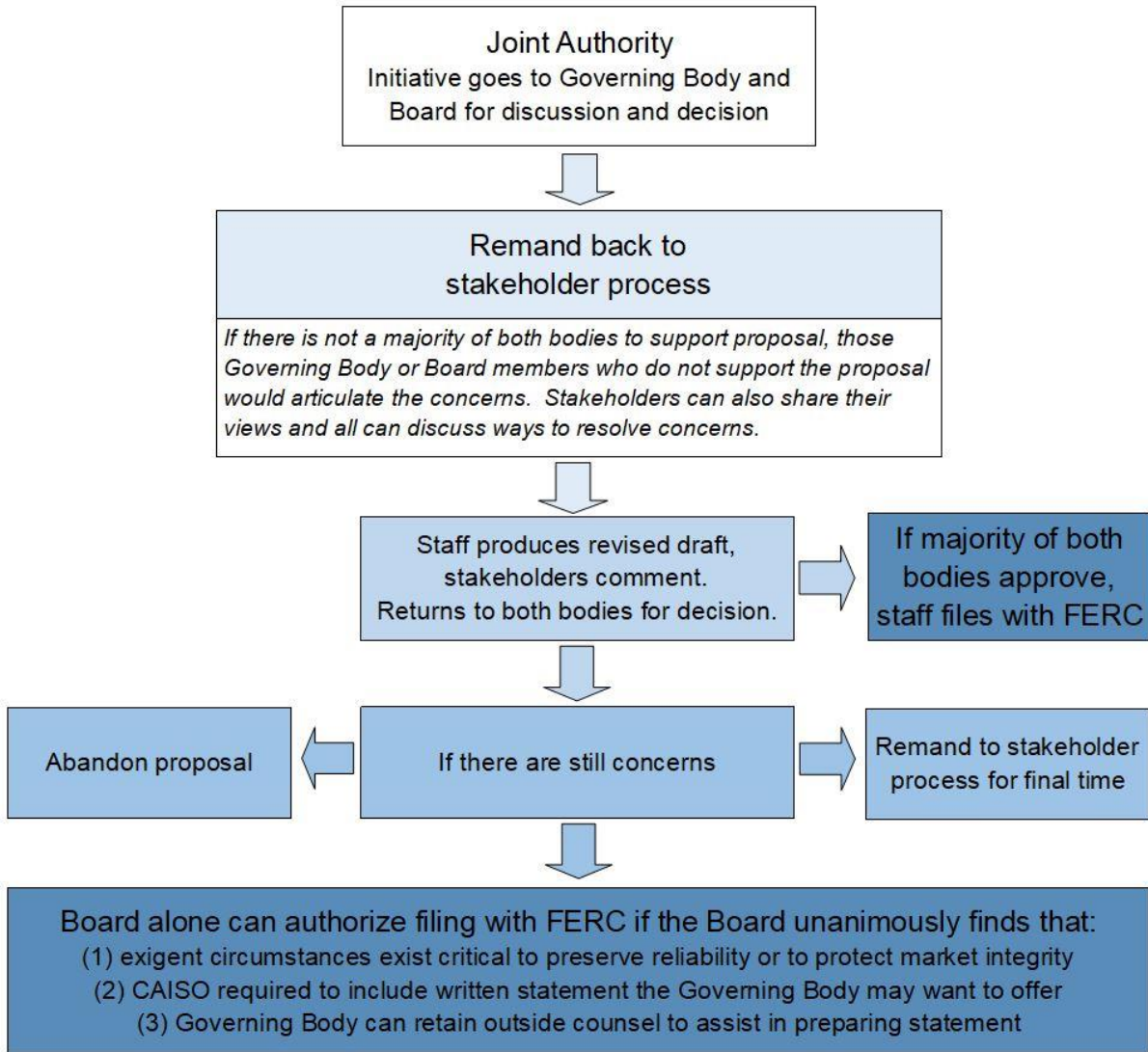
<sup>24</sup> See Charter at Section 2.2.2.



- *Step 2 – Remand for Further Stakeholder Process.* With the benefit of that discussion, the matter would then go back to CAISO staff, who would commence another round of the public stakeholder process with the goal of exploring ways to address the identified concerns and to establish a revised proposal for the two bodies to consider. Stakeholders would have an opportunity to review staff’s revised proposal and submit written comments before the matter goes back to the two bodies for further review. The matter would then come back to the two bodies for their further consideration in a joint public meeting, at which time both bodies would discuss and then vote on the revised proposal once again. If both bodies approve the revised proposal, then staff would be able to move forward with filing the proposal at FERC.
  
- *Step 3 – Further Remand, Abandon Proposal or Invoke Exigent Circumstances Exception.* If after going through the dispute resolution process the two bodies are unable to agree on approving a single proposal, they can jointly decide to abandon the proposal or jointly agree, with input from CAISO management, on another remand to the stakeholder process. Alternatively, the Board alone may authorize a FERC filing if, and only if, all of the following conditions are met:
  - (i) The Board, by unanimous vote, makes a finding that the two bodies have reached an impasse and that exigent circumstances exist such that a revision to the tariff is critical to preserve reliability or to protect market integrity. Unless the circumstance is so time critical as to require immediate action, this finding may be made only after at least one remand has occurred in an attempt to reach a proposal that both bodies approve. In such a time-critical circumstance where there is not sufficient time to complete at least one remand, the Board may by unanimous vote approve such a filing on an expedited basis without completing the remand process. The Board must set forth the basis for any and all of its findings justifying exigent or time critical circumstances in writing.
  
  - (ii) If the Board authorizes such a filing, the CAISO would be required to include in its FERC filing whatever written opinion or other statement the Governing Body may want to offer regarding the proposal.
  
  - (iii) The Governing Body would have a right, at its discretion, to retain outside counsel to assist in preparing any such written opinion or statement on the proposal.

This process is illustrated in the figure below:

## WEIM Governing Body and Board of Governors Dispute Resolution Process



In the Straw Proposal, the GRC stated that it continued to believe it is the best approach to the difficult issue of potential deadlocks. It creates the strongest incentive for stakeholders, and ultimately the two bodies, to reach consensus around an acceptable proposal, with the remand to stakeholders in case of initial disagreement. At the same time, it allows the Board to bypass the process only when urgently necessary to preserve reliability or market integrity. And even if this high bar were satisfied and the Board directed a filing on its own, the Governing Body would have the ability to advocate its concerns to FERC. For these reasons, we concluded that this process provides the best assurance that all stakeholder interests will be fully considered and reconciled before any proposal comes before FERC for its ultimate determination.



### ***3. Stakeholder Comments and the GRC's Recommendation***

Nearly all the stakeholders who commented on the decisional classification and dispute resolution processes support them and do not recommend any changes.<sup>25</sup>

The only comments recommending any changes are: (1) a request by one commenter to change the decisional classification “tiebreaker” rule so that it rotates between the Board and Governing Body chairs;<sup>26</sup> (2) a request by one commenter to further refine step three of the process for resolving disagreements between the Board and Governing Body on matters within their joint authority;<sup>27</sup> and (3) a request by two commenters that the decisional classification process include a presumption in favor of joint authority in cases where the correct classification under the rules is ambiguous.<sup>28</sup>

The first two items are issues that the GRC considered in depth last year as explained in our papers developing the Phase 2 governance enhancement for the WEIM, and we have not yet observed a dysfunction or other need for changing course in the context of EDAM. We acknowledge that these two commenters do not agree with how we resolved these issues in Phase 2. We think it best, however, to allow more time to develop experience with these processes and determine whether they are working before revisiting our past decisions.

The comments requesting a presumption in favor of joint authority in ambiguous cases is a new proposal that we did not consider in the prior phase of these proceedings. We are not inclined to adopt this concept because the joint authority definition we are proposing establishes a clear dividing line and the process, reviewed above, for considering and resolving any disputes that may arise is robust. We are also concerned, that adding this presumption could erode the important stakeholder discussion of tariff nuances that informs the decision-making process for initiative classification. Stakeholders would tend to argue about whether an ambiguity can be established rather than focusing on applying the test to the specific proposals embodied in the policy initiative. Substantive debate of the nuances of the tariff provides a sounder foundation for both resolving disputes in EDAM and building understanding and trust for future market evolution.

While we do not recommend adopting this presumption, we do agree that if, as the market evolves and develops over time, there were any instances where the classification is truly unclear, joint authority – with its thorough dispute resolution process – is the best approach. This would promote trust and help to foster the collaborative relationships that we are seeking to engender.

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<sup>25</sup> See comments of Arizona Utilities, BANC/LADWP, BPA, CPUC Energy Division, Idaho Power, PG&E, Portland General, Public Interest Organizations/Large Clean Energy Customers, SCE, Six Cities, Western Consumer Advocates, and the WEIM Body of State Regulators.

<sup>26</sup> See comments of Public Generating Pool.

<sup>27</sup> See comments of WAPA.

<sup>28</sup> See comments NV Energy and PacifiCorp.

## **IV. The Size and Composition of the Governing Body**

### **A. Straw Proposal**

Our Straw Proposal recommended one change in the nomination process for Governing Body members and sought feedback on two issues related to the size of the body overall and the compensation of its members.

We recommended that CAISO add a step to the nomination process when a sitting member of the Governing Body seeks an additional term. The EDAM will increase the responsibility of the Governing Body, and the proposal recognized that stakeholders need assurance that Governing Body members will be qualified for their roles. The Selection Policy currently allows the Nominating Committee to re-nominate sitting members without interviewing other candidates.<sup>29</sup> Because these members were selected to be responsible for the WEIM only, we proposed that when deciding whether to re-nominate a sitting member, the Nominating Committee should evaluate whether that member has the qualifications to serve given the additional responsibilities associated with the EDAM. We would leave the question about appropriate qualifications to the sound judgment of the Nominating Committee without specifying a more specific standard, because the evaluation will depend on that particular member's role on the Governing Body, and how their expertise fits in with the rest of the Governing Body.

In addition, the Straw Proposal sought stakeholder input on the size of the Governing Body and the compensation of its members. Specifically, we asked whether the size of the Governing Body should be increased from five members to seven, and whether the potential value of two more members would be worth the additional expense and administrative burden, including the work required by the Nominating Committee to find and select those members.

We also sought feedback on whether the compensation of Governing Body members is sufficient to attract members qualified for the EDAM. As we noted in the Straw Proposal, actual compensation levels are determined by the Board and are based on factors that are beyond the GRC's ability to address. We thus requested comment on whether to recommend that the Board undertake a process to consider increasing Governing Body compensation.

### **B. Stakeholder Feedback**

Commenters support or do not oppose our recommended adjustment to the nomination process, to review whether sitting members of the Governing Body seeking reappointment are qualified for the increased responsibility associated with EDAM.<sup>30</sup>

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<sup>29</sup> Section 3.4 of the Selection Policy states: "If a Governing Body member whose term is scheduled to expire has expressed a desire to be nominated for a new term, the Nominating Committee should determine whether it wants to re-nominate the departing member without interviewing other candidates."

<sup>30</sup> *See, e.g.*, comments of Arizona Utilities, BANC/LADWP, and Idaho Power.

Regarding the size of the Governing Body, many commenters believe it should remain at five,<sup>31</sup> at least for the time being.<sup>32</sup> Some of these stakeholders note the symmetry between the current size of the Governing Body and the size of the Board, which is statutorily required to have five members. Remaining at five members thus would maintain a balance for voting purposes.<sup>33</sup> Others commenters note that increasing the size of the Governing Body would allow the inclusion of more diverse perspectives and better geographic representation from across the West.<sup>34</sup> They observe that a change in the size of the Governing Body only would not have to cause problems with voting rules even assuming the size of the Board is unchanged.

Regarding the compensation of the Governing Body, many commenters include statements about being commensurate with similar bodies,<sup>35</sup> noting, for example, the Western Power Pool's independent Governing Board and the potential "Independent Panel" for SPP Markets+.<sup>36</sup> Commenters propose a review to ensure that compensation is sufficient to attract qualified candidates.<sup>37</sup> Some commenters oppose or do not support a change in compensation at this time, but these commenters also say that an increase would be appropriate if it became apparent this is needed for recruitment.<sup>38</sup>

### **C. GRC Recommendation**

We continue to recommend adjusting the nomination process as explained above to review the qualifications of sitting members who seek new terms. This will help to ensure that members of the Governing Body collectively have the experience and capabilities needed for the oversight of EDAM.

We do not propose a change to the size of the Governing Body or the compensation of its members at this time. The stakeholder comments do not identify any compelling need to make immediate changes in these areas, and we do not believe there exists a sufficient basis for recommending such changes at this juncture.

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<sup>31</sup> *See, e.g.*, comments of Arizona Utilities and BPA.

<sup>32</sup> While opposing an increase in size at this time, CPUC Energy Division and CPUC - Cal Advocates both indicate they would open to reconsidering the issue later, after CAISO and the Governing Body gain experience with the increased workload.

<sup>33</sup> *See* comments of NV Energy and BANC/LADWP.

<sup>34</sup> *See* comments of ACP-Cal and PG&E.

<sup>35</sup> *See* comments of Idaho Power and BANC/LADWP.

<sup>36</sup> *See* comments of NV Energy.

<sup>37</sup> *See* comments of Arizona Utilities and PG&E.

<sup>38</sup> *See* comments of BPA, CPUC - Cal Advocates and CPUC Energy Division.

Instead, we recommend that these issues be reconsidered in the future with the benefit of additional information. The approach we propose for the two topics differs in light of the information needed to make a proper determination.

To determine whether the size of the Governing Body should be expanded, time is needed to learn about the scope and size of EDAM, including the number of participants, both at the outset and as it may evolve. The Charter for EIM Governance requires a governance re-evaluation begin “[n]o later than June 2026 ... in light of accumulated experience and changed circumstances.”<sup>39</sup> By the time this review takes place, and assuming that EDAM is in operation, everyone will have a better sense of whether the Governing Body’s workload is sufficient to justify an increase in size and whether the benefits would be worth the additional cost in terms of both dollars and the time of the Nominating Committee and CAISO staff. We thus propose no changes to the current timeline and instead recommend that this planned re-evaluation include whether the size of the Governing Body should be expanded.

Regarding compensation, we again observe that this is a complex issue that involves consideration of factors that are beyond the GRC’s knowledge, such as the amount and payment structures used for comparable positions on similar boards of non-profit corporations. Moreover, the compensation of the Governing Body is determined by the Board, and is linked to the Board’s own compensation. As noted in the Straw Proposal, the last time the Board had a third party compile a market survey and proposed changes to the Governing Body’s compensation was in 2018. Given the amount of change that both the WEIM and the labor market have experienced since that time and the ongoing work that development of EDAM market design entails, an updated study on Governing Body compensation seems warranted in the near future. So that the Board has the information it needs, we propose that management should arrange for a study in 2023 to evaluate whether the compensation of the Governing Body is commensurate with similar bodies, and whether compensation could be an obstacle to finding qualified candidates in the future.

## **V. Options for Enhancing Stakeholder Engagement in Policy Development**

### **A. Stakeholder Engagement and the Role of the RIF**

#### **1. Straw Proposal**

The Straw Proposal explained at length our thinking about stakeholder engagement in policy development, including the reasons we ultimately decided to support the CAISO’s current engagement model, which is inclusive and provides for equal access for all stakeholders. Within the current framework, however, we recommended the CAISO expand its use of working groups, similar to those used in the EDAM initiative, in the development and consideration of policy options. We recommended the use of working groups in any initiative that is complex enough to have a wide range of possible solutions, and is significant enough in terms of impact to market participants or other stakeholders to be worth the extra work.

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<sup>39</sup> See Charter for EIM Governance at Section 2.3.

Beyond increasing use of stakeholder working groups, we did not recommend further changes to the existing stakeholder process at this time. The Regional Issues Forum is already empowered to collect stakeholder input and provide written opinions on issues being considered within an ongoing CAISO stakeholder proceeding. Stakeholders thus have an avenue for developing and sharing such opinions. We understand, moreover, that stakeholders involved in the RIF have been discussing how best to facilitate the collection and sharing of such opinions. Rather than having the GRC dictate changes in this area, the Straw Proposal concluded that the RIF is the proper forum for these discussions.

## **2. Stakeholder Feedback**

Our proposal for stakeholder engagement appears to enjoy wide support, with most commenters specifically endorsing the increased use of working groups,<sup>40</sup> as well as an annual RIF roundtable on policy prioritization discussed in the next subsection below. Several of the commenters who support the proposal for increased use of working groups also caution about too much of a good thing, and ask that working groups should be employed “judiciously.”<sup>41</sup> Western Consumer Advocates explain that “when multiple working groups are convened to complete a significant amount of work in a short amount of time, small organizations ... struggle to meaningfully participate.”<sup>42</sup> NV Energy adds a request that working groups be structured with regional and sector diversity in mind.

Regarding stakeholder engagement generally, one commenter would go in a different direction than the Straw Proposal. Powerex would adopt a senior stakeholder executive committee with representatives from each sector similar to the structure in the Eastern RTOs. This committee would act as a policy gatekeeper by voting on proposals before they are brought to the Governing Body and the Board for decision.

Otherwise, the California IOUs support the continued growth and development of the RIF within the context of its role as both an educational and advisory body. SCE in particular states that the RIF should remain advisory only and would oppose any attempt to arrange a voting structure. PG&E expressly supports the current approach to stakeholder engagement while recommending avenues for enhancing the RIF’s role in that framework. The Six Cities acknowledge and support the proposal to use the RIF as a venue for discussion of WEIM/EDAM policy initiatives. Vistra recommends that the RIF should be more fully integrated into the CAISO’s existing stakeholder process.

## **3. GRC Recommendation**

Stakeholders support the CAISO’s current engagement model with the enhancements outlined in the Straw Proposal related to working groups and the prioritization of initiatives, which should

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<sup>40</sup> See comments of ACP-California, Arizona Utilities, CPUC Energy Division, CPUC - Cal Advocates, Idaho Power, BANC/LADWP, NV Energy, PG&E, and PacifiCorp.

<sup>41</sup> See comments of Portland General.

<sup>42</sup> See also the comments of CPUC - Cal Advocates, Public Generating Pool, and Vistra.

engage stakeholders more actively in policy development. At the same time, many commenters caution against requiring too much more from stakeholders in this process. Given this feedback, and also for the reasons explained in our Straw Proposal, we continue to endorse the CAISO's overall engagement model. We recommend that CAISO employ working groups as part of the stakeholder process, and agree with the admonition to be judicious and avoid their potential overuse. Rather than defaulting to the use of working groups for every initiative, they should generally be reserved for initiatives that are particularly complex and that are likely to have a significant impact on a wide range of stakeholders.

We encourage the RIF to continue its transition from a role that was largely educational at its outset to one that is capable of providing advisory input as well, and urge CAISO staff to proactively support this transition. Our earlier work on WEIM governance authorized the RIF to offer opinions on issues that are part of an ongoing stakeholder process.<sup>43</sup> We believe the RIF itself is best positioned to determine exactly how to approach this in a way that is feasible given the demands on its liaisons and other participating stakeholders, and the arrangements necessary for participating stakeholders to authorize comments or other advocacy on their behalf. This process could easily begin with CAISO staff attending Forum meetings to brief attendees about upcoming policy initiatives, seeking input about whether working groups would be beneficial and, in those cases, receiving input about the composition of the working group. Additional possibilities for enhancing the RIF can be found in the comments on the Straw Proposal.

## **B. Prioritizing Initiatives - The Process for Developing the Policy Roadmap**

### **1. Straw Proposal**

The Straw Proposal offered a new step intended to enhance stakeholder engagement in selecting policy initiatives. We proposed that the RIF would help to kick off the annual policy roadmap process by hosting a roundtable discussion about priorities within the set of possible discretionary initiatives. This would take place after the CAISO compiles the catalog of possible initiatives, identifies those are required by FERC or otherwise mandatory and provides very general guidance on the capacity available in coming years for additional discretionary initiatives. It would precede CAISO management's publication of its own proposed prioritization among the discretionary initiatives and the remainder of the currently effective process.

Each stakeholder sector would designate a representative to articulate their sector's priorities during a RIF roundtable discussion. If there were a consensus among the sectors that a certain initiative or set of initiatives should be a priority, that would be essential information for the remainder of the roadmap process. At the same time, the discussion would need to recognize that a consensus or near-consensus among sectors should not necessarily be the determining factor. For example, CAISO may need to proceed with initiatives that are important to its balancing authority area. CAISO could appropriately prioritize certain changes to congestion revenue rights, transmission planning, RMR designations or its interconnection queue, even if these initiatives are of little interest to WEIM/EDAM participants. Other types of initiatives could benefit overall market efficiency even if the financial results – and thus the interest – are focused

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<sup>43</sup> See Part One Final Proposal May 6, 2021.



narrowly within a few sectors. Put another way, the fact that an initiative appears or does not appear on most sectors' lists would not automatically indicate its priority.

Our hope is that the panelists would come prepared to discuss merits on this level, and with general awareness of what the other sectors are likely to prefer and reasons for those preferences. This would allow a give-and-take discussion about relative priority in terms of the value of each initiative to the market overall. Ideally, panelists would be able to propose win-win solutions.

We hope members of the Board and Governing Body would want to attend and hear the discussion as background for their own input later in the process of developing the roadmap. And in any event, CAISO staff would then proceed with its current process of posting proposed one- and three-year plans for further stakeholder review and comment.

## **2. Stakeholder Feedback**

This proposal has widespread support, with many commenters expressing unqualified support<sup>44</sup> and several others offering support with certain qualifications or clarifications.<sup>45</sup> One commenter who offered qualified support for the roundtable expressed “concern . . . that the sector representative may not be the entity most effected by the issue and thus be able to discuss its importance.”<sup>46</sup> Several commenters asked that stakeholders other than the panelists be heard in the stakeholder process,<sup>47</sup> or that RIF could offer a “minority report” about other views.<sup>48</sup>

Specific proposals include a request from WEIM BOSR to appoint a panelist of its own. Vistra asks us to clarify that the sector representatives will be “the sector liaisons, or their proxies,” and that they “will be representing the combined and varied views of [their] sectors.” Vistra also asks us to specify how many members of the Board and Governing Body should attend.

## **3. GRC Recommendation**

In light of the support from stakeholders, we continue to support our proposal for the RIF roundtable. The comments have helped us identify a couple of points to clarify, beginning with the fact that the panelist for each sector should be one of the sector liaisons, absent general agreement within the sector that a different person should serve. The responsibility of each panelist would be to present accurately the views of his or her entire sector. Ideally, the panelist

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<sup>44</sup> Comments offering unqualified support include ACP-California, CPUC Energy Division, CPUC - Cal Advocates, BANC/LADWP, PacifiCorp, Portland General, PGP, Public Interest Organizations/Large Clean Energy Customers, Public Power Council, Six Cities, and Western Consumer Advocates.

<sup>45</sup> *See* comments of Arizona Utilities, BPA, Idaho Power, NV Energy, Vistra, and the WEIM Body of State Regulators.

<sup>46</sup> *See* comments of NV Energy.

<sup>47</sup> Idaho Power “stresses importance of allowing individual stakeholders to continue to be involved and have a voice in prioritizing policy initiatives independent of the RIF.”

<sup>48</sup> *See* comments of Arizona Utilities and NV Energy; *see generally* comments of BPA.

would have before the event engaged in robust discussion with members of its sector, which potentially may allow the members of the sector to coalesce around a single set of priorities. When this is possible, it would benefit the discussion overall.

We acknowledge the concern about whether panelists would be able to accurately reflect the view of all entities in their sectors. A great deal of preparation could be necessary and, even then, the process will not be perfect. We will have to trust panelists to do their best. We note, moreover, that imperfections would not have the effect of silencing other stakeholders or undermine their ability to advocate. Like all meetings of the RIF, the roundtable discussion must be open to all and the purpose is to facilitate discussion. So there should be time for other stakeholders to offer additional information in a way that supports the discussion. Moreover, this roundtable would be followed by the CAISO's usual open stakeholder process about priorities. For these reasons, we do not believe it is necessary to require the opportunity for a "minority report," or for an additional panelist from the WEIM BOSR. All interested stakeholders, including a representative of the WEIM BOSR, would be permitted to fully participate and share their views regardless of whether they are a stakeholder liaison or participate in an existing RIF sector.

While we hope that members of the Board and the Governing Body would want to attend the meeting, we would not make that a requirement or formal expectation. We do note that if a quorum from either body attends, the roundtable would presumably need to be noticed as a formal meeting of that body under the CAISO's Open Meeting Policy. This may impose additional procedural requirements on the meeting organizers.

## **C. RIF Liaisons**

### **1. Straw Proposal**

In the Straw Proposal, we included a separate proposal about the sector liaisons who organize the RIF. The eleven liaisons are selected, two each, by five stakeholder sectors, with one more from the federal power marketing agencies. One of the five stakeholder sectors includes two groups that are combined into a single sector: consumer advocates and public interest organizations. Because these entities can have significantly diverging goals and views, we proposed that this sector include one liaison chosen by representatives of state-sanctioned utility consumer advocates and large consumer representatives and the other liaison chosen by the public interest groups within the sector. We sought stakeholder input on this proposal and any other organizational aspects of the Regional Issues Forum.

### **2. Stakeholder Feedback**

Stakeholders expressed a range of views about our proposal to divide the sector for consumer advocates and public interest groups. The Western Consumer Advocates, which is part of one of the two groups that make up the sector, supported the proposed change and provided additional details about how the sector operates currently and the effect the proposal would have. CPUC - Cal Advocates also expressed support for the proposal. The Public Interest Organizations, which includes members of the other group in the sector, observe that RIF is self-governing and that their sector has strived for consensus.



The WEIM BOSR supported the proposal and added another factor to consider. A liaison for the combination of state-sanctioned consumer advocates and large consumers must also be aware of and advocate for the interests of small retail customers. Vistra, on the other hand, opposes the idea with the caution that incorporating “sub-sectors” would push the GRC out onto a slippery slope of additional issues.

The Arizona Utilities and NV Energy both offered a different proposal about RIF sectors, to add a sector for EDAM entities outside of the California balancing authority area.

### **3. GRC Recommendation**

After receiving stakeholder comments, the GRC has communicated with members of the Public Interest Organizations - Consumer Advocates sector, and understands that this issue is being resolved through discussions among members of the sector for consumer advocates and public interest organizations. Their agreement about how their sector liaisons will be selected can be implemented by the sector members themselves, without a change to the Charter for EIM Governance. We believe this outcome is ideal, because this sector is already defined appropriately in the overall scheme and we agree that it is best for each sector to work any issues out within the general construct that has been established by the Charter for EIM Governance. We are hesitant to prescribe how any the members of any particular sector should conduct their business given the self-governing nature of the RIF. In any event, there is no longer a need for GRC action on this issue.

We agree with the Arizona Utilities’ suggestion of adding a new RIF sector for EDAM entities. While new EDAM entities could continue to work within the existing sector for WEIM entities, EDAM would involve a distinct interest that should have its own voice within the RIF. Accordingly, we propose to add a sector for them, which would initially have a single liaison. The selection process for this liaison should begin after an EDAM implementation agreement is filed with FERC.<sup>49</sup> Further adjustments, such as potentially adding another EDAM sector liaison, could be justified later to the extent additional WEIM entities join the EDAM.

We recommend that this possibility and any other adjustments to the RIF sectors should be considered as part of the periodic reviews of governance that will continue after EDAM goes live. See discussion above in Section IV(C), noting that such a review will begin no later than June 2026.

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<sup>49</sup> In other words, this process could begin before the remainder of the proposed EDAM governance becomes effective, which will await a FERC order that conclusively accepts EDAM market design. See Section VII(C), below. If that occurs, then the EDAM liaison position would be dissolved if it were to become clear that EDAM will not go forward.

## VI. Clarifying CAISO's Responsibility to Consider the Interests of Regional Stakeholders

### A. Straw Proposal

Our Straw Proposal recommended a change to CAISO's corporate governance documents to address a concern among certain stakeholders about a possible legal argument to the effect that the organization is obligated to pursue the benefit of California load exclusively. Focusing on the California law governing the CAISO and its incorporation as a public benefit corporation, a few stakeholders have suggested that CAISO could be legally required to act solely in the interests of California electric consumers at the expense of the interests of other market participants. While CAISO counsel has addressed these issues in detail, see Appendix A, we suggested that CAISO could provide regional stakeholders with stronger assurance by positively stating in its governance documents that CAISO's public benefit purpose extends to all stakeholders. This assurance would be consistent with statements the CAISO makes already, including in its recent strategic plan which affirms that "long-term and mutually beneficial relationships with neighboring utilities and states is critically important to a cost-effective and reliable clean-energy network."<sup>50</sup>

Specifically, we recommended CAISO add statements to its Bylaws, which is the document the Board would consult to determine its own obligations, that would formalize an obligation to consider the public interest of the entire footprint. The Bylaws currently state that CAISO's corporate purpose is "to ensure efficient use and reliable operation of the" CAISO-controlled grid.<sup>51</sup> We proposed that CAISO clarify the role of the regional market and fair treatment of regional stakeholders in pursuing this purpose and that considering the interests of all stakeholders is consistent with CAISO's obligations as a nonprofit public benefit corporation. Together, these changes would result in a clause that reads:

Consistent with its status as a nonprofit public benefit corporation, and to enhance the efficient use and reliable operation of the ISO Controlled Grid, the Corporation will consider the interests of all stakeholders within the footprint of the markets that it administers, including the Corporation's balancing authority area, EDAM balancing authority areas and WEIM balancing authority areas.

We proposed that the Bylaws should also clarify that individual Board Governors share the same obligation.

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<sup>50</sup> See the CAISO Strategic Plan 2022-26, at 9, available [here](#).

<sup>51</sup> Bylaws, Article II, Section 1. We understand that this corporate purpose is outside the GRC's scope. Moreover, it is linked to both the California statutes and the corporation's federal tax-exempt status, and thus would be difficult to change.

## B. Stakeholder Feedback

The stakeholders located primarily outside of California express strong support for the proposal as an important way to enhance the confidence of regional stakeholders that their interests will be fully taken into account.<sup>52</sup> This proposal is also supported by both the WEIM BOSR and the PIOs for largely the same reason. One of the supporters, the Public Generating Pool, further offers a one-word amendment, suggesting that we replace the word “consider” in the phrase “the Corporation will consider the interests of all stakeholders . . .,” with the word “balance.”

The California stakeholders had a broader range of responses on this topic. BANC and LADWP noted they “do not believe that CAISO discounts the interest of regional stakeholders,” but support the proposal nevertheless. CPUC Energy Division staff and Cal Advocates asked for more time to study and discuss the changes. CPUC Energy Division staff observed that the CAISO has two distinct roles, first as the independent system operator and second as the balancing authority for much of California, the second of which requires specific attention on the needs of California. Six Cities state that they appreciate the importance of this issue to Western stakeholders and thus do not oppose it, subject to review of the final language and “the clear understanding that CAISO-entity interests are not to be considered subordinate to interests of stakeholders in other” balancing authority areas.

## C. GRC Recommendation

We continue to recommend this change to the CAISO’s corporate governance documents, subject to a slight refinement prompted by one of the comments. After considering the amendment proposed by the Public Generating Pool, we have come to believe that our intent would be expressed more clearly by using the word “weigh” in place of “consider” in the draft bylaw provision. An obligation to “consider” the interests of stakeholders could be misunderstood to require only an acknowledgement of those interests, which could then be ignored. We mean to say CAISO should be striving to achieve results in the interests of the entire footprint, as best it can. The Public Generating Pool’s proposed term “balance” is close to what we are seeking, but on reflection we think “weigh” is more precise.<sup>53</sup>

As noted in the Straw Proposal, the overriding goal of the proposal is to “expressly contradict any concern that the company will pursue the benefit of California load exclusively.” We want to concretely negate a misconception about the CAISO’s existing legal obligations, as opposed to prescribe a new obligation. We are not attempting to alter the CAISO’s obligations to its

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<sup>52</sup> See comments of Arizona Utilities, BPA, Idaho Power, NV Energy, PacifiCorp, Portland General, Public Generating Pool, and Vistra Corp.

<sup>53</sup> Vistra supports the bylaws amendment and further suggests that the term “and WEIM/EDAM Controlled Grids” be added, presumably immediately after the reference to ISO Controlled Grid. We are not inclined to make this change because we are concerned it may add confusion by implicitly suggesting that the CAISO has some degree of governance authority over the transmission grids of utilities that have not been turned over to its operational control.

balancing authority area or its approach to meeting them.<sup>54</sup> As CPUC Energy Division staff is suggesting, the CAISO’s approach to meeting its total set of obligations cannot be boiled down to or restricted by simple formula. Along the same lines, we agree with the Six Cities that nothing in this proposal would require the interests of the CAISO balancing authority area to be subordinated to interests of stakeholders in other balancing authority areas.

Stakeholders will have at least one further opportunity to comment on the proposal. Those requesting to review the specific language should assume that the bylaws would impose the following obligation on the company, with a parallel obligation for governors of the Board:

Consistent with its status as a nonprofit public benefit corporation, and to enhance the efficient use and reliable operation of the ISO Controlled Grid, the Corporation will ***weigh*** the interests of all stakeholders within the footprint of the markets that it administers, including the Corporation’s balancing authority area, EDAM balancing authority areas and WEIM balancing authority areas.

(Emphasis added to indicate the change from the Straw Proposal.)

## VII. Timing for Approval and Implementation of GRC Proposals

### A. Straw Proposal

Our Straw Proposal addressed the timing when the proposed governance changes will become effective, which involves two distinct issues. The first timing issue is when the complete set of proposed EDAM governance changes will become effective relative to EDAM operations. The second issue involves the timing for when the GRC’s EDAM governance proposal would go to the Board and Governing Body for approval in relation to the Board and Governing Body’s decision on the EDAM market design proposal, which could affect the role of the Governing Body in that decision.

On the first issue, we proposed that the GRC’s governance proposal, which focuses on enhancements for the EDAM, would not become effective unless and until EDAM operations commence.

On the second issue, we have proposed that the EDAM governance and market design issues come before the two bodies for review and approval at the same point in time, so that stakeholders and the two bodies understand the full package of EDAM-related proposals. We noted that one issue with that approach is the Governing Body would not at that time have joint approval authority for the EDAM market design because the broader scope of authority would yet be in effect. Recognizing that this outcome would be problematic, the Straw Proposal noted that there was an effort underway to address it. Specifically, the Chairs of the Board and the Governing Body announced at their May 11, 2022 joint general session that they had tentatively

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<sup>54</sup> In fact, the obligation that we are proposing is consistent with existing FERC regulations that apply to independent system operators, which state that every ISO and RTO must ensure the interests of all stakeholders are “equitably considered.” See 18 C.F.R. § 35.28.

agreed to have the EDAM market design come to both bodies for joint approval, subject to receiving further stakeholder input on this approach through the stakeholder proceeding for the market design. To that end, CAISO staff was directed to request input regarding this proposal in its next draft proposal for EDAM market design, which it did in the Revised Straw Proposal published August 16, 2022. We expressed the view that the Board’s proposal, if ultimately adopted, should address any concerns arising from not having the expanded scope of authority formally in effect when the EDAM market design is approved.

## **B. Stakeholder Feedback**

Emphasizing the importance of joint approval for the EDAM market design, the Arizona Utilities propose that the expanded scope of joint authority, as described in the Straw Proposal, should be adopted first, before the market policy for EDAM is considered by the Board and Governing Body, so that the expanded scope of authority applies to the decision about market design. NV Energy and Powerex support this approach as well.

BPA offers different reasoning to support the same result. Its comments address the Board and Governing Body’s proposal to adjust the classification of the EDAM initiative specifically, which it views as “ad hoc” and insufficient because the expanded authority would not continue in effect during the period between the two bodies’ approval of the EDAM market design and when the EDAM market becomes operational. Accordingly, BPA advocates for the approval of the GRC proposal for expanding joint authority before a decision on EDAM policy.

SCE addresses a similar timing issue as BPA, but moves in the opposite direction. SCE says that the expanded scope of joint authority should not be in effect until after both EDAM “goes live” and a “critical mass” of entities have joined the new market. In their comments in the EDAM market design initiative, SCE also expressed support for the Board’s proposal to confirm in the meantime that the Governing Body will have joint authority over the approval of the EDAM market design.

## **C. GRC Recommendation**

The GRC continues to believe that the Governing Body should have joint authority over the decision about EDAM market design. Stakeholder comments on the revised straw proposal for the EDAM market design, which were posted September 27, overwhelmingly support the tentatively proposed classification of joint authority. We therefore anticipate that this classification will be confirmed in the near future, which will ensure that Governing Body holds joint authority over the EDAM market design.

The only criticism of this approach to the classification of EDAM comes from stakeholders who support the same outcome, but want CAISO to achieve it instead by formally approving and implementing EDAM governance before the decision on EDAM market design. We cannot support such an approach because it would require CAISO to modify its governance even if EDAM market design is never approved at FERC or otherwise does not move forward. Because this governance proposal is specifically designed to address needs that arise as a result of the existence of EDAM, we do not support putting these changes into effect before it is reasonably certain that EDAM will come to pass. In the event that there are additional EDAM market design issues that come up after the Board and the Governing Body approve the initial market design

but before the EDAM governance goes into effect, we presume that the Board would apply its provisional grant of joint authority to those issues.

At the same time, we believe that SCE’s proposal to wait to implement EDAM governance until after both EDAM becomes operational and a critical mass has joined goes too far in the other direction. The market participants that are considering whether to make the commitment to join EDAM and their stakeholders care deeply about the EDAM governance issue and reasonably require greater assurance that the proposed EDAM governance will actually come into effect than would be available under SCE’s proposed approach.

To address that concern, we propose that assuming the two bodies approve the EDAM market design and the EDAM governance, the EDAM governance proposal would become effective once FERC has conclusively accepted the CAISO’s section 205 filing for the market design.<sup>55</sup> Revised governance documents should become effective promptly after this approval occurs, even though EDAM would not go live until later. This will ensure that the entities who are committing to this new market have full assurance that the governance will go into effect in a timely manner during the transitional implementation period.

We recognize there will be an interim period following the approval of EDAM policy and governance by the Board and Governing Body, and before FERC conclusively accepts the EDAM tariff revisions. During this period, EDAM governance will not be effective, and yet the Board may consider further proposed changes to the tariff that will apply to EDAM when it goes live and that would be important to EDAM participants. We recommend that if this situation arises, the Board continue its practice of using joint authority for such initiatives in order to ensure widespread support from stakeholders.

### VIII. Summary of Recommendations

For ease of reference, the following is a chart that summarizes the recommendations the GRC has made throughout this paper:

Issue	Recommendation
Delegation of Authority:	<ul style="list-style-type: none"> <li>• Maintain joint authority construct</li> <li>• Joint authority definition would be revised to read as follows:  “The WEIM/EDAM Governing Body will have joint authority with the Board of Governors to approve or reject a proposal to change or establish a tariff rule applicable to the WEIM/EDAM Entity balancing authority areas, WEIM/EDAM Entities, or other market participants within the WEIM/EDAM Entity</li> </ul>

<sup>55</sup> It bears mention that the CAISO’s governance is not embodied in its tariff and thus does not require FERC approval.

	<p>balancing authority areas, in their capacity as participants in the WEIM/EDAM. The WEIM/EDAM Governing Body will also have joint authority with the Board of Governors to approve or reject a proposal to change or establish any tariff rule for the day-ahead or real-time markets that directly establishes or changes the formation of any locational marginal price(s) for a product that is common to the overall WEIM or EDAM markets. The scope of this joint authority excludes, without limitation, any other proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.”</p> <ul style="list-style-type: none"> <li>• Advisory authority definition would be revised to read as follows: <p>“The WEIM/EDAM Governing Body may provide advisory input over proposals to change or establish tariff rules that would apply to the real-time and/or day-ahead market but are not within the scope of joint authority.”</p> </li> <li>• The existing advisory input process would be enhanced to include the following elements in cases where Governing Body advises the Board not to adopt a proposal: <ul style="list-style-type: none"> <li>○ The input must be provided and discussed in joint general session of both bodies; and</li> <li>○ If the Board gives approval to file the proposal with FERC, the Governing Body would have the right to hire outside counsel or other independent assistance to prepare a written statement of its opposition that will be submitted to FERC in the proceeding in which the CAISO makes its tariff filing.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• No change to process for decisional classification of initiatives</li> </ul>
	<ul style="list-style-type: none"> <li>• No change to process for resolving disagreements about whether to approve proposed tariff changes within joint authority of two bodies</li> </ul>



<p>Size and Composition of the Governing Body</p>	<ul style="list-style-type: none"> <li>• Size of the Governing Body should remain at five members, with the issue to be studied again during the next re-evaluation of governance</li> <li>• When considering whether to reappoint a sitting member of the Governing Body, the Nominating Committee should consider whether doing so fits with the enhanced responsibilities associated with the EDAM</li> <li>• Management should arrange for a study in 2023 to evaluate the compensation of the Governing Body relative to other similar bodies</li> </ul>
<p>Stakeholder Engagement and Policy Development</p>	<ul style="list-style-type: none"> <li>• Maintain current stakeholder engagement framework</li> <li>• Recommend use of working groups when the complexity and impact of an initiative merit the extra work</li> <li>• At the beginning of the CAISO’s process for prioritizing discretionary initiatives for the policy roadmap, RIF to host a roundtable discussion of sector representatives about priorities</li> <li>• RIF encouraged to find workable ways to enhance its advisory function with support from CAISO staff</li> </ul>
<p>CAISO’s Responsibility to Consider Regional Stakeholders</p>	<ul style="list-style-type: none"> <li>• Amend the Bylaws to clarify that, consistent with its corporate purpose and status as a nonprofit public benefit corporation, CAISO will weigh the interests of all stakeholders in the footprint</li> <li>• Amend the Bylaws to add same obligation for individual members of the Board of Governors</li> </ul>
<p>Timing</p>	<ul style="list-style-type: none"> <li>• Board and Governing Body should have joint authority over decision on EDAM market design, as they tentatively proposed</li> <li>• EDAM governance proposal should become effective once FERC has conclusively accepted the CAISO’s section 205 filing for the market design</li> </ul>

**IX. Next Steps**

On November 7, the GRC will hold a virtual stakeholder meeting to discuss this proposal and solicit further input from stakeholders. Stakeholders are asked to submit written comments by



November 18. A comment template will be posted on the CAISO initiative webpage [here](#). Stakeholder input remains critical for ensuring that the final governance proposal will support the success of the EDAM. We also plan to host a public meeting after we receive comments, to discuss those in more detail and summarize our thinking for potential further revisions.

Based on stakeholder feedback and these discussions, the GRC will develop a draft final proposal. We plan to publish this proposal in early December.

The GRC is comprised of a diverse set of stakeholders and we are always open to listening to stakeholders' thoughts and questions. The list of GRC members is available on the WEIM website [here](#); please feel free to reach out to any one of us throughout this process.

## Appendix A: Overview of Legal Issues Relevant to Governance

*(Prepared by CAISO staff)*

### Limitations on Section 205 Delegation Arising from Corporate Law and the CAISO's Tax-Exempt Status

A key component of WEIM governance is the Governing Body's role in approving CAISO filings under Section 205 of the Federal Power Act. This Appendix reviews certain legal requirements that restrict CAISO's ability to delegate authority. These include limitations arising from both general corporate law, as well as from restrictions that apply uniquely to the CAISO by virtue of its tax-exempt status and the California statutes that govern it.

#### ***General Corporate Law Considerations***

As the board of directors for the corporation, the Board of Governors is legally responsible for all corporate activities, which must be under its "ultimate supervision." For CAISO, the primary source of this obligation is Section 5210 of the California Corporations Code, which applies to nonprofit public benefit corporations such as CAISO. It states, in part, that "the activities and affairs of a corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board." This language, and in particular the phrase "or under the direction," recognizes that corporate boards ordinarily cannot directly exercise every aspect of their corporate powers and thus may delegate responsibility to employees and others in order to operate. But when a board delegates, it remains accountable for corporate activities, and therefore must have ultimate control over them. Section 5210 makes this point expressly, further stating that: "The board may delegate the management of activities of the corporation to any person or persons, management company, or committee however composed, *provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.*"<sup>56</sup>

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<sup>56</sup> Italics added. The full text of Corporations Code § 5210 reads:

Each corporation shall have a board of directors. Subject to the provisions of this part and any limitations in the articles or bylaws relating to action required to be approved by the members (Section 5034), or by a majority of all members (Section 5033), the activities and affairs of a corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board. The board may delegate the management of the activities of the corporation to any person or persons, Management Company, or committee however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.

The requirement that “all corporate powers shall be exercised under the ultimate direction of the board” is an accountability provision, highlighting the board’s fiduciary obligations to the company. This accountability is an explicit condition of a board’s authority to delegate, meaning that a board may delegate performance of corporate actions, but not the *responsibility* for those actions. A board discharges its fiduciary obligations to the company through its oversight and supervision for the actions, and these duties may not be handed over to others.

To illustrate, a board may hire a CEO and other officers to manage a business. But the board remains responsible and accountable for what these officers do, including, for example, for the strategy undertaken to meet the corporation’s fundamental objectives and for how corporate resources are allocated and deployed. Failure to provide guidance to the officers, monitor what they are doing, and oversee them can result in board members being liable for breach of their fiduciary duties to the corporation, and violation of other legal requirements.<sup>57</sup> Under Section 5210, completely delegating the Board’s oversight responsibility would be the same as not fulfilling it.

The import of the statute, then, before considering other legal or practical limitations, is that the Board may delegate direct oversight of defined functions to the Governing Body, much like it does in delegating management to executive officers and staff. It cannot, however, make an irrevocable and complete delegation of fundamental aspects of the corporation’s ongoing operations. In other words, it must maintain ultimate authority over those delegated functions.

### ***CAISO’s Tax-Exempt Status***

As ultimate authority over all corporate actions, a board is responsible for ensuring the corporation complies with applicable laws.<sup>58</sup> An important set of restrictions arises from the CAISO’s tax-exempt status. This exemption benefits market participants through lower costs, by reducing the CAISO’s tax obligations and allowing it to use tax-exempt financing. To continue these benefits and avoid substantial penalties and liability, the CAISO must remain in compliance with the requirements of its 501(c)(3) exemption.

The CAISO’s particular exempt status depends upon an ongoing ability to show that the CAISO’s activities meet its corporate purpose, consistent with California law, and that the Board is supervising these activities. Within the general category of 501(c) (3) organizations – there are different types – the CAISO is a public charity as opposed to a private foundation, and

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<sup>57</sup> See *Stern v. Lucy Webb Hayes National Training School for Deaconesses*, 381 F. Supp. 1003 (D.D.C. 1974):

Total abdication of the supervisory role . . . is improper . . . . A director whose failure to supervise permits negligent mismanagement by others to go unchecked has committed an independent wrong against the corporation.

<sup>58</sup> See, e.g., Cal. Corp. Code § 5140 (a corporation is granted power to act “[s]ubject to . . . compliance with . . . applicable laws”).

specifically a “supporting organization.” The CAISO qualifies as a supporting organization because its operations and market promote the reliability and the efficiency of the grid in California as required by AB 1890, the 1996 state legislation that led to the incorporation of the CAISO. The WEIM supports these goals too, as would the EDAM. While the WEIM (and if it is adopted, the EDAM) obviously benefit other balancing authority areas as well, the CAISO is able to undertake these activities within the parameters of its tax exemption because these markets support the CAISO corporate purpose of enhancing the reliability and efficiency of the grid in California.

The Board’s authority over the corporation is also essential to demonstrating it is a supporting organization. IRS regulations require that the “supported organization” – in this case, the State of California – must supervise or control the supporting organization. In the case of CAISO, this relationship is established by the fact that its Board is selected by California officials, as required by California law.<sup>59</sup> An attempt to remove the Board entirely from certain decisions, for example by allowing the Governing Body to direct changes to market rules without some form of review by the Board or by irrevocably preventing the Board from changing any delegation or sharing of authority, could jeopardize the CAISO’s ability to maintain its exempt status.

### ***Conclusion Regarding Corporate Authority***

To ensure that CAISO complies with these requirements, the Board must retain two levels of control in the context of delegating authority to or sharing authority with the Governing Body. First, the Board must have the ability to modify its delegation or sharing of authority over time if the delegation or sharing threatens to prevent it performing its ultimate oversight authority as required by Corporations Code 5210, or otherwise impairs its ability to successfully ensure compliance with applicable law and other requirements. Second, the Board needs to have some form of a concurring role in decisions about changes to market rules in order to preserve the showing of control needed to maintain its tax-exempt status and to discharge its ultimate responsibility to manage the company and exercise its fiduciary duty to the corporation.

## **RESPONSES TO QUESTIONS THAT STAKEHOLDERS RAISED ABOUT RELATED LEGAL TOPICS**

In comments on prior GRC papers and in discussions with GRC members, stakeholders raised questions about various related legal issues. This section addresses such issues and explains how they may impact the governance issues the GRC is considering.

### ***The Meaning of California Public Utilities Code Section 345.5***

Some stakeholders have expressed concern that language in section 345.5 of the California Public Utilities Code could be read to require the Board to favor California load over other market participants. For two related reasons, this provision does not impose such a requirement.

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<sup>59</sup> See Cal. Pub. Utils. Code § 337, which provides that Board members will be selected by the Governor of California, and also that members may not be “affiliated with any actual or potential” market participant.

First, the plain language of section 345.5 does not support this reading. The statute describes the general duties of the CAISO in a way that does not dictate any particular corporate action, let alone require the Board to impose rules that favor California consumers over other market participants.

There are two relevant clauses, neither of which are reasonably interpreted to give preferential treatment to California load. One clause states that CAISO will operate “consistent with applicable state and federal laws and consistent with the interests of the people of the state.” This is a very general provision that does not dictate any particular course of action. All companies must comply with applicable state and federal law, and the language about operating “consistent with the interests of the people of the state” does not require the Board to tilt market rules so they favor Californians over other market participants. Indeed, discriminating in this way would be against the interests of Californians as it would likely make it more difficult to attract out-of-state entities to join CAISO’s markets, or even cause WEIM/EDAM entities to leave, ultimately increasing costs and threatening reliability. It is instead fully consistent with the state interests to establish even-handed rules that promote broad regional participation.

The other clause states that CAISO will manage the grid and related energy markets “in a manner that is consistent with” several competing criteria, including efficient use of resources, public health and lower costs. These criteria include “[r]educing, to the extent possible, overall economic costs to the state’s consumers” and “conducting internal operations in a manner that minimizes cost impact on ratepayers to the extent practicable and consistent with the provisions of this chapter.” Once again, these are very general criteria that do not compel any particular course of action. In addition, the criteria are qualified with the terms “to the extent possible” or “practicable” which means they are not absolute requirements, but rather general goals that must be balanced against other objectives. And as discussed above, it is not reasonable to assume that tilting the market rules to favor California customers would lower costs for California. Rather, it would likely reduce regional participation and the economic benefits it provides, and as noted threaten reliability, which would likely increase costs.

Second, applicable federal law prevents an interpretation of the California statute that would require the CAISO to grant preferential treatment to certain market participants. Any interpretation of the cited provisions of Section 345.5 as encouraging or requiring adoption of specific market rules that favor California would be legally precluded by federal law. This interpretation would be preempted by the Federal Power Act, which gives FERC “exclusive” authority in this area and explicitly prohibits “discriminatory” market rules, including market rules that favor participants because they are residents of one state rather than another. Such an interpretation would also violate the “dormant Commerce Clause” of the U.S. Constitution, which likewise prohibits states from discriminating in favor of their residents when regulating matters involving interstate commerce. Section 345.5, moreover, acknowledges these federal limits by expressly requiring that the CAISO “conduct its operations consistent with applicable ... federal laws.” This language provides further support for the conclusion that the statute is not to be interpreted to require discrimination that the federal law would not permit.

### ***CAISO's Status as a Nonprofit Public Benefit Corporation***

Some stakeholders have asked what CAISO's status as a nonprofit public benefit corporation means and whether that status constrains either the decisions of the Board or what the GRC can propose with respect to governance. CAISO's status as a nonprofit public benefit corporation does not appear to impose a relevant constraint on the arrangements that the GRC could be expected to propose or decisions of the Board.

Corporate governance is a matter of state law, rather than federal law, in the state where the corporation was created. CAISO is organized in California as a nonprofit public benefit corporation, which is one of the options offered by California corporate law. This particular corporate form is also required expressly by the Public Utilities Code provisions governing the CAISO, and thus cannot be changed without legislation. The significance of being a nonprofit public benefit corporation is twofold. First, CAISO may not ultimately operate at a profit. Second, the corporation is to benefit the public as opposed to specific members or market participants. The alternative type of nonprofit corporation for a utility business – a nonprofit mutual benefit corporation – operates for the benefit of its specific members rather than the public as a whole. SPP is an example of a member benefit corporation. The relevant legal distinction is between nonprofit companies that are meant to benefit the public generally as opposed to their specific members. The CAISO is the former type.

The fact that CAISO is organized in California, as opposed to another state, does not affect CAISO's legal authority to provide services or benefits to other states. See, e.g., Corp. Code § 5140(c) (which authorizes California nonprofit public benefit corporations to do business in other states and thus to benefit the other states). In other words, the "public" to be benefitted – though otherwise undefined by the statute – is not statutorily limited to California. Nor have we identified any way in which CAISO's status as a nonprofit public benefit corporation would place limits on either what the GRC may propose with respect to governance or on otherwise valid decisions of the Board.

### ***Limitations Imposed by Corporate Law***

Some stakeholders have asked if the GRC can propose giving the Governing Body "sole authority" over market rules that apply or impact the WEIM/EDAM. For the reasons set forth in the discussion of California Corporations Code Section 5210 at the beginning of this Appendix A, this would not be permissible under California corporate law, which requires the Board to retain ultimate authority over its market rules.

### ***CAISO's Tax Exempt Status as a "Supporting Organization" Under IRC 501(c)(3)***

Some stakeholders have asked for additional information about the CAISO's tax status as a "supporting organization" under section 501(c)(3) of the Internal Revenue Code and whether it imposes any constraints on governance. As discussed in the narrative section above about the CAISO's tax-exempt status, this tax status does impose some constraints on governance. Those constraints, however, are fundamentally the same as those imposed by the Corporations Code that are also described above. Changing CAISO's federal tax-exempt status thus would not

enable a greater delegation of authority or afford any flexibility on other governance topics the GRC is considering.

### ***Potential Changes to the Board Selection Policy***

Stakeholders have asked about whether the Board Selection Policy can be revised without changes to state law or the CAISO tariff. The Policy, which is available [here](#), establishes a process through which stakeholder sectors select representatives to evaluate candidates for the Governor's consideration. California does not dictate how the Governor will select candidates for the Board, and the Governor ultimately may do so however he or she prefers.

The CAISO tariff does not include any provisions relating to Board selection and thus poses no obstacle to changing the Board Selection Policy.

There are certain topics embodied in the Board Selection Policy that cannot be altered without changes to state law. A California statute specifies that members of the ISO's Board of Governors will be selected by the Governor, subject to confirmation by the state Senate. See Cal. Pub. Utils. Code § 337(a). This statute also prescribes the number of Board members (five) and the length of their terms (3-year staggered terms). Another subsection requires Board members to be independent from market participants. See Cal. Pub. Utils. Code § 337(b). Any changes in these areas would require legislation. The other provisions in the Board Selection Policy generally are not dictated by either the tariff or state law.



## Summary

The following table summarizes the effect of the legal concepts discussed above.

	General Effect	Impact on GRC
Corporations Code	The CAISO Board, like all other corporate boards, may not irrevocably and completely delegate control over a corporate activity. All activity must remain under its ultimate direction.	Cannot pursue options that would give the Governing Body or some other entity outside the corporation, sole authority over a matter without Board oversight.
CAISO's Tax-Exempt Status	CAISO activity must be directed toward its corporate purpose and the Board must oversee or control corporate activities. The WEIM and the EDAM are consistent with the CAISO's approved tax-exempt corporate purpose.	Cannot pursue options that would give the Governing Body or some other entity outside the corporation, sole authority over a matter without Board oversight.
Public Utilities Code 345.5 (regarding CAISO actions)	Provides general guidance to the CAISO to operate in the interests of California, and in compliance with state and federal law. Does not require CAISO or Board to favor California consumers at the expense of other stakeholders. Federal law would prohibit market rules that provide for unduly discriminatory treatment, including discrimination due to the fact that market participants are from another state.	No effect.
Public Utilities Code 337 (regarding Board selection)	The CAISO Board will have five members, who are selected by the Governor and subject to confirmation by the Senate. These members will serve three-year terms.	May recommend changes to the CAISO's Board Selection Policy that are consistent with the statute.

## Appendix B: Overview of Tariff Sections Subject to Joint Authority or Subject to Approval by the Board Only Under The “Apply To” Test

In its July 19, 2021 Phase Two Draft Final Proposal, the Governance Review Committee (GRC) included a Tariff Table of Contents document that showed, on an illustrative basis, which sections of the CAISO tariff generally would be subject to joint authority under the “apply to” test that the GRC was recommending be adopted. At that time, the EDAM proposal had not yet been developed, so the document focused only on which rules would be subject to joint authority for the WEIM and which would be “Not Applicable,” meaning they would be subject to approval only by the Board of Governors.<sup>60</sup>

In response to stakeholder comment and at the GRC’s request, the CAISO staff has now updated that Tariff Table of Contents document to reflect the current best understanding of how the joint authority designations would change if the apply to test were extended to EDAM under the formulation of the test set forth in the GRC’s July 15, 2022 Phase Three Straw Proposal.

To show this, we have retained the original designations that were presented in the earlier Tariff Table of Contents for WEIM and added immediately after each designation a further description of how, if at all, the designation would potentially change under EDAM. The original WEIM designations are shown in red font, and the new EDAM information is shown in blue font.

It is important to note that the information contained in this updated Tariff Table of Contents is preliminary and in some cases cannot be stated with certainty because the EDAM policy and the tariff framework to implement the policy are both still under development. The information reflects CAISO staff’s best understanding at this time based on where things currently stand.

Like its predecessor, this version of the Tariff Table of Contents document is also illustrative in the sense that it is an attempt to illustrate how the apply to test would play out in context, rather than a systematic attempt to permanently divide up the tariff by fixed section headings into those that are subject to joint authority and those that are or not. Because the tariff is a highly detailed and constantly evolving document, it is not practical to use a table of contents of the tariff at any one point in time to establish a fixed and binding classification of what is subject to joint authority and what is not.

While the Tariff Table itself is the best source for a detailed understanding of how the apply to test would work, a more general summary may be helpful as well.

As shown in the Tariff Table, the following Sections of the Tariff would be either entirely or partially subject to joint authority:

Section 1: Definitions and Interpretation  
Section 6: Communications

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<sup>60</sup> The Tariff Table did not address the Governing Body’s advisory input role, which in some cases would come into play for topics that are not subject to joint authority.

Section 10: Metering  
Section 11: CAISO Settlements and Billing  
Section 12: Creditworthiness  
Section 13: Dispute Resolution  
Section 14: Uncontrollable Force, Indemnity, Liabilities, and Penalties  
Section 20: Confidentiality  
Section 22: Miscellaneous  
Section 27: CAISO Markets and Processes  
Section 29: Energy Imbalance Market  
Section 30: Bid and Self-Schedule Submission for all CAISO Markets  
Section 31: Day-Ahead Market  
Section 33: Enhanced Day-Ahead Market [New section to be added to Tariff]  
Section 34: Real-Time Market  
Section 35: Market Validation and Price Correction  
Section 37: Rules of Conduct  
Section 39: Market Power Mitigation Procedures  
Section 44: Flexible Ramping Product

Also as shown in the Tariff Table, the following Sections of the Tariff would be either entirely or near entirely outside the scope of joint authority:

Section 2: Access to the CAISO Controlled Grid  
Section 3: Local Furnishing, Other Tax Exempt Bond Facility Financing  
Section 4: Roles and Responsibilities  
Section 5: Black Start and System Restoration  
Section 7: System Operations Under Normal and Emergency Conditions  
Section 8: Ancillary Services  
Section 9: Outages  
Section 15: Regulatory Filings  
Section 16: Existing Contracts  
Section 17: Transmission Ownership Rights  
Section 19: Reliability Coordinator  
Section 23: Categories of Transmission Capacity  
Section 24: Comprehensive Transmission Planning Process  
Section 25: Interconnection of Generating Units and Facilities  
Section 26: Transmission Rates and Charges  
Section 28: Inter-SC Trades  
Section 36: Congestion Revenue Rights  
Section 40: Resource Adequacy Demonstration for all SCs in the CAISO BAA  
Section 41: Procurement of RMR Resources  
Section 42: Adequacy of Facilities to Meet Applicable Reliability Criteria  
Section 43A: Capacity Procurement Mechanism

# Illustrative Joint Authority Designations

[See cover memo for overview of terms]

## California Independent System Operator Corporation Fifth Replacement Electronic Tariff

### Table of Contents

<b>1. Definitions and Interpretation</b>	<p>Joint – these are general rules of construction and interpretation for the tariff and thus apply to EIM. Note that Section 1.2 points to Appendix A for definitions. As noted below in the comments on Appendix A, all of the definitions for terms that apply to EIM would be subject to Joint Authority</p> <p>This stays the same for EDAM.</p>
1.1 General Provisions of Article I Applicable To CAISO Tariff	
1.2 Definitions	
1.3 Rules of Interpretation	
1.3.1 “Includes” Means “Including Without Limitation”	
1.3.2 Specific Rules of Interpretation Subject to Context	
<b>2. Access to the CAISO Controlled Grid</b>	<p>N/A: applies to CAISO BA and Controlled Grid only</p> <p>This stays the same for EDAM.</p>
2.1 Open Access	
2.2 Customer Eligibility for Direct Access or Wholesale Sales	
<b>3. Local Furnishing, Other Tax Exempt Bond Facility Financing</b>	<p>N/A: applies to CAISO Controlled Grid only</p> <p>This stays the same for EDAM.</p>
<b>4. Roles and Responsibilities</b>	<p>N/A, except Joint for 4.5.1 – Section 29 establishes stand-alone roles and responsibilities for EIM and does not incorporate any of these roles, with the exception of Section 4.5.1 (relating to SC certification).</p>

		This stays the same for EDAM
4.1	[Not Used]	
4.2	Market Participant Responsibilities	
	4.2.1 Comply with Dispatch Instructions and Operating Instructions	
	4.2.2 Implementation of Instructions	
4.3	Relationship between CAISO and Participating TOs	
	4.3.1 Nature of Relationship	
4.4	Relationship Between CAISO and UDCs	
	4.4.1 General Nature of Relationship Between CAISO and UDCs	
	4.4.2 UDC Responsibilities	
	4.4.3 System Emergency Reports: UDC Obligations	
	4.4.4 Coordination of Expansion or Modifications to UDC Facilities	
	4.4.5 Information Sharing	
	4.4.6 Installation of and Rights of Access to UDC Facilities	
	4.4.7 Provision of Information for CRRs to Reflect Load Migration	
	4.4.8 UDC Facilities Under CAISO Control	
4.5	Responsibilities of a Scheduling Coordinator	
	4.5.1 Scheduling Coordinator Certification	
	4.5.2 Eligible Customers and Convergence Bidding Entities	
	4.5.3 Responsibilities of a Scheduling Coordinator	
	4.5.4 Operations of a Scheduling Coordinator	
4.6	Relationship Between CAISO and Generators	

4.6.1	General Responsibilities	
4.6.2	[Not Used]	
4.6.3	Requirements for Certain Participating Generators	
4.6.4	Identification of Generating Units	
4.6.5	NERC and WECC Requirements	
4.6.6	Forced Outages	
4.6.7	Recordkeeping; Information Sharing	
4.6.8	Sharing Information on Reliability of CAISO Controlled Grid	
4.6.9	Access Right	
4.6.10	RMTMax for CHP Resources	
4.6.11	Storage Operating Characteristics	
4.7	Relationship Between CAISO and Participating Loads	
4.8	Relationships Between CAISO and Intermittent Resources	
4.8.1	Bidding and Settlement	
4.8.2	Forecasting	
4.8.3	[Not Used]	
4.9	Metered Subsystems	
4.9.1	General Nature of Relationship Between CAISO and MSS	
4.9.2	Coordination of Operations	
4.9.3	Coordinating Maintenance Outages of MSS Facilities	
4.9.4	MSS Operator Responsibilities	
4.9.5	Scheduling by or on Behalf of a MSS Operator	
4.9.6	System Emergencies	
4.9.7	Coordination of Expansion or Modification to MSS Facilities	
4.9.8	Ancillary Services Obligations for MSS	

4.9.9	[Not Used]	
4.9.10	Information Sharing	
4.9.11	Installation of and Rights of Access to MSS Facilities	
4.9.12	MSS System Unit	
4.9.13	MSS Elections and Participation in CAISO Markets	
4.10	Candidate CRR Holder and CRR Holder Registration	
4.10.1	Procedure to Become a Candidate CRR Holder	
4.10.2	Ongoing Obligations after Registration and Qualifications	
4.10.3	Termination of a CRR Entity Agreement	
4.11	Relationship Between CAISO and SUDCs	
4.11.1	General Nature of Relationship Between CAISO and SUDCs	
4.11.2	Coordinating Maintenance Outages of SUDC Facilities	
4.11.3	SUDC Responsibilities	
4.11.4	System Emergencies	
4.11.5	Load Reduction	
4.11.6	System Emergency Reports: SUDC Obligations	
4.11.7	Coordinating Expansion or Modifications to SUDC Facilities	
4.11.8	Information Sharing	
4.11.9	Equipment Installation and Access Rights to SUDC Facilities	
4.12	Relationship of CAISO and Resource-Specific System Resource	
4.12.1	General Responsibilities	
4.12.2	Identification of Resource-Specific System Resources	
4.12.3	Telemetry Data to Demonstrate Compliance	
4.12.4	Recordkeeping	



	4.12.5 Access Rights	
4.13	DRPs, RDRRs, and PDRs	
	4.13.1 Relationship Between CAISO and DRPs	
	4.13.2 Applicable Requirements for RDRRs, PDRs and DRPs	
	4.13.3 Identification of RDRRs and PDRs	
	4.13.4 Performance Evaluation Methodologies for PDRs and RDRRs	
	4.13.5 Characteristics of PDRs and PDRRs	
4.14	Relationship Between the CAISO and CBEs	
	4.14.1 Procedure to Become a Convergence Bidding Entity	
	4.14.2 Convergence Bidding Entity's Ongoing Obligations	
	4.14.3 Termination of a Convergence Bidding Entity Agreement	
4.15	Relationships Between CAISO and Pseudo-Ties to CAISO	
4.16	Relationships Between CAISO and Pseudo-Ties Out	
4.17	Distributed Energy Resource Aggregations	
	4.17.1 CAISO Relationship with Distributed Energy Resource Providers	
	4.17.2 Responsibilities of Distributed Energy Resource Providers	
	4.17.3 Requirements for Distributed Energy Resource Aggregations	
	4.17.4 Identification of Distributed Energy Resources	
	4.17.5 Characteristics of Distributed Energy Resource Aggregations	
	4.17.6 Operating Requirements	
<b>5.</b>	<b>Black Start and System Restoration</b>	<b>N/A – Applies to CAISO BA only</b>

		This stays the same for EDAM.
5.1	Black Start Capability	
5.2	Black Start Units	
5.3	Black Start Services	
<b>6. Communications</b>		<p>Joint (specifically for rules applicable to EIM/RTM) – Section 29.6 generally provides that the provisions in Section 6 that apply to the RTM apply equally to EIM with limited exceptions. Those provisions in Section 6 would be subject to joint authority.</p> <p>Under EDAM, joint authority would also extend to the provisions in Section 6 that are applicable to both the Day-Ahead Market and EDAM. The new EDAM section of the tariff (Section 33) will identify those provisions.</p>
6.1	Methods of Communication	
	6.1.1 Full-Time Communications Facility Requirements	
	6.1.2 Information Transfer from Scheduling Coordinator to CAISO	
	6.1.3 Submitting Information to the Secure Communication System	
	6.1.4 Information Transfer from CAISO to Scheduling Coordinator	
	6.1.5 Information to be Provided by Connected Entities to CAISO	
6.2	CAISO’s Secure Communication System	
	6.2.1 Scheduling Coordinators	
	6.2.2 Public Market Information	
6.3	Communication of Dispatch Instruction	
	6.3.1 SC Responsibility for Communications to Generator or Load	
	6.3.2 Recording of Dispatch Instructions	
	6.3.3 Contents of Dispatch Instructions	

6.4 Communication of Operating Instructions	
6.5 CAISO Communications	
6.5.1 Communication with Market and CRR Participants and Public	
6.5.2 Communications Prior to the Day-Ahead Market	
6.5.3 Day-Ahead Market Communications	
6.5.4 RTM Communications Before the Trading Hour	
6.5.5 Real-Time Market Communications During the Trading Hour	
6.5.6 Market Bid Information	
6.5.7 Monthly Report on Conforming Transmission Constraints	
6.5.8 Virtual Award Information	
6.5.9 Transmission Flowgate Constraint Information	
6.5.10 Protected Communications with Market Participants	
6.5.11 Aggregate Generation Outage Data	
6.5.12 Wind and Solar Forecast and Output	
6.5.13 Suspension of Publication	
6.5.14 Order No. 844 Zonal Uplift Report	
6.5.15 Order No. 844 Resource-Specific Uplift Report	
6.5.16 Order No. 844 Operator-Initiated Commitment Report	
<b>7. System Operations Under Normal and Emergency Conditions</b>	Mostly N/A – Mostly applies only to CAISO BA and CAISO Controlled Grid. Section 29.7 specifically excludes EIM from most of the rules in this section and establishes a separate set of rules regarding operations under normal and emergency conditions for EIM. Section 29.7 does incorporate certain aspects of subsections 7.7.6, 7.7.7, and 7.7.9, which would be subject to joint authority.

	This should be the essentially same under EDAM – i.e., mostly N/A but with some specifically incorporated subsections subject to joint authority. The details need to await further development of the policy and related tariff framework.
7.1 CAISO Control Center Operations	
7.1.1 Maintain CAISO Control Center	
7.1.2 Maintain Back-Up Control Facility	
7.1.3 CAISO Control Center Authorities	
7.2 Operating Reliability Criteria	
7.3 Transmission Planning Authority	
7.3.1 Criteria for CAISO's Operational Control	
7.3.2 Planning Guidelines; Revision of Local Reliability Criteria	
7.3.3 NAESB Standards	
7.4 General Standard of Care	
7.5 Routine Operation of the CAISO Controlled Grid	
7.5.1 CAISO Controlled Facilities	
7.5.2 Clearing Equipment for Work	
7.5.3 Equipment De-Energized for Work	
7.5.4 Hot-Line Work	
7.5.5 Intertie Switching	
7.5.6 Operating Voltage Control Equipment	
7.6 Normal System Operations	
7.6.1 Actions for Maintaining Reliability of CAISO Controlled Grid	
7.7 Management of Abnormal System Conditions	
7.7.1 CAISO Actions in Imminent or Actual System Emergency	
7.7.2 Market Participant Responsibilities in System Emergencies.	
7.7.3 Suspension of CAISO Markets and Application of Administrative Price.	

7.7.4 Preparatory Actions for a System Emergency	
7.7.5 Actions Subsequent to a System Emergency	
7.7.6 System Operations in the Event of a Market Disruption	
7.7.7 Removal of Bids in the Event of a Market Disruption, to Prevent a Market Disruption, or to Minimize the Extent of a Market Disruption	
7.7.8 Under Frequency Load Shedding (UFLS).	
7.7.9 Application of Administration Prices and Use of Prior Market Results	
7.7.10 CAISO Facility and Equipment Outage	
7.7.11 [Not Used]	
7.7.12 [Not Used]	
7.7.13 [Not Used]	
7.7.14 [Not Used]	
7.7.15 [Not Used]	
7.8 Management of Overgeneration Conditions	
7.8.1 Dispatch Instructions to Reduce Generation and Imports	
7.8.2 Notification of Projected Overgeneration to be Mitigated	
7.8.3 Energy Offered for Sale to Adjacent Balancing Authorities	
7.8.4 Instructions to SCs to Reduce Generation or Imports	
7.8.5 Mandatory Dispatch Instructions for Specific Reductions	
7.8.6 CAISO Costs to be Reimbursed Proportionately by SCs	
7.9 Suspension or Limitation of Virtual Bidding	
7.9.1 Suspension or Limitation Generally	
7.9.2 Reasons for Suspension or Limitation	

7.9.3 Procedures Regarding Suspension or Limitation	
<b>8. Ancillary Services</b>	<b>N/A – Applies only to CAISO BA</b>
	This stays the same for EDAM. <u>Note:</u> If EDAM in the future includes Ancillary Services (as some have suggested), some or all of this Section may become subject to joint authority.
8.1 Scope	
8.2 Ancillary Services Standards	
8.2.1 Determination of Ancillary Service Standards	
8.2.2 Time-Frame for Revising Ancillary Service Standards	
8.2.3 Quantities of Ancillary Services Required; Use of AS Regions	
8.3 Procurement; Certification and Testing; Contracting Period	
8.3.1 Procurement of Ancillary Services	
8.3.2 Procurement from Internal and External Resources	
8.3.3 Ancillary Service Regions and Regional Limits	
8.3.4 Certification and Testing Requirements	
8.3.5 Daily and Hourly Procurement	
8.3.7 AS Bidding Requirements	
8.3.8 Procurement of Voltage Support	
8.4 Technical Requirements for Providing Ancillary Services	
8.4.1 Operating Characteristics Required to Provide AS	
8.4.2 Ancillary Service Control Standards	
8.4.3 Ancillary Service Capability Standards	
8.4.4 Ancillary Service Availability Standards	
8.4.5 Communication Equipment	
8.4.6 Metering Infrastructure	

8.5 Time Frame to Submit and Evaluate Ancillary Service Bids	
8.6 Obligations for and Self-Provision of Ancillary Services	
8.6.1 Ancillary Service Obligations	
8.6.2 Right to Self-Provide	
8.6.3 Services which may be Self-Provided	
8.6.4 Time Frame for Informing CAISO of Self-Provision	
8.7 Ancillary Service Awards	
8.8 [Not Used]	
8.9 Verification, Compliance Testing, and Auditing	
8.9.1 Compliance Testing for Spinning Reserve	
8.9.2 Compliance Testing for Regulation	
8.9.3 Compliance Testing for Non-Spinning Reserve	
8.9.4 Compliance Testing for Voltage Support	
8.9.5 [Not Used]	
8.9.6 [Not Used]	
8.9.7 Consequences of Failure to Pass Compliance Testing	
8.9.8 Performance Audits for Standard Compliance	
8.9.9 Performance Audit for Regulation	
8.9.10 Performance Audit for Spinning Reserve	
8.9.11 Performance Audit for Non-Spinning Reserve	
8.9.12 [Not Used]	
8.9.13 [Not Used]	
8.9.14 [Not Used]	
8.9.15 Consequences of Failure to Pass Performance Audit	
8.9.16 Sanctions for Poor Performance	
8.10 Periodic Testing of Units	
8.10.1 Regulation Up and Regulation Down Reserves	
8.10.2 Spinning Reserve	



8.10.3 Non-Spinning Reserve	
8.10.4 Voltage Support	
8.10.5 [Not Used]	
8.10.6 [Not Used]	
8.10.7 Penalties for Failure to Pass Tests	
8.10.8 Rescission of Payments for Ancillary Service Capacity	
8.11 Temporary Changes to Ancillary Service Penalties	
8.11.1 Application and Termination	
8.11.2 Exemption for Penalties Due to CAISO Software Limitations	
<b>9. Outages</b>	<p>Mostly N/A – This Section is for the most part N/A because Section 29.9 generally exempts EIM from these rules regarding outage management and creates outage management rules specific to EIM. Section 29.9 does, however, incorporate by reference certain deadlines regarding notification of outages from this section, which would be subject to joint authority. Section 29.9 also incorporates by reference provisions in Section 9.3.6 regarding the contents of notices applicable to EIM, which also would be Joint.</p> <p>This should be the essentially same under EDAM – i.e., mostly N/A but with some specifically incorporated subsections subject to joint authority. The details need to await further development of the policy and related tariff framework.</p>
9.1 Coordination and Approval for Outage	
9.2 Responsibility for Authorized Work on Facilities	
9.3 Coordination of Outages and Maintenance	
9.3.1 CAISO Outage Coordination Functions	
9.3.2 Requirement for Approval	

9.3.3 Request Submission and Information	
9.3.4 Single Point of Contact	
9.3.5 Method of Communication	
9.3.6 Maintenance Outage Planning	
9.3.7 Maintenance Outage Requests by the CAISO	
9.3.8 CAISO Notice Required Re Maintenance Outages	
9.3.9 Final Approval, Delay and Withholding	
9.3.10 Forced Outages	
9.4 Outage Coordination for New Facilities	
9.4.1 Coordination by CAISO	
9.4.2 Types of Work Requiring Coordination	
9.4.3 Uncomplicated Work	
9.4.4 Special Procedures for More Complex Work	
9.5 Information About Outages	
9.5.1 Approved Maintenance Outages	
9.5.2 Publication to Website	
9.6 Facility Power	
9.7 Multi-Stage Generating Resources Outages	
<b>10. Metering</b>	<p>Joint (specifically where applicable to EIM) – Section 29 generally applies the provisions of this Section 10 on metering to the EIM, with the exception of certain requirements in Section 10.3.9. All such applicable provisions would be subject to joint authority.</p> <p>This should be the essentially same under EDAM – i.e., generally subject to joint authority with the exception of any requirements exempted from EDAM. The details need to await further development of the policy and related tariff framework.</p>
10.1 General Provisions	
10.1.1 Role of the CAISO	

10.1.2 Meter Data Retention by the CAISO	
10.1.3 Netting	
10.1.4 Meter Service Agreements	
10.1.5 Access to Meter Data	
10.1.6 Failure of CAISO Facilities or System	
10.1.7 Provision of Statistically Derived Meter Data	
10.2 Metering for CAISO Metered Entities	
10.2.1 Responsibilities of CAISO Metered Entities	
10.2.2 Duty to Install and Maintain Meters	
10.2.3 Metering Standards	
10.2.4 Certification of Meters	
10.2.5 CAISO Authorized Inspectors	
10.2.6 Metering Communications	
10.2.7 Format of Meter Data	
10.2.8 Security and Meter Data Validation Procedures	
10.2.9 Validation, Estimation and Editing of Meter Data	
10.2.10 Low Voltage Side Metering	
10.2.11 Audit, Testing Inspection and Certification Requirements	
10.2.12 Exemptions	
10.2.13 Maintenance of Metering Facilities	
10.2.14 Installation of Additional Metering Facilities	
10.3 Metering For Scheduling Coordinator Metered Entities	
10.3.1 Applicability	
10.3.2 Responsibilities of Scheduling Coordinators and the CAISO	
10.3.3 Loss Factors	
10.3.4 Load Profile Authorization	
10.3.5 Communication of Meter Data	
10.3.6 Settlement Quality Meter Data Submission	

10.3.7 Meter Standards	
10.3.8 Access to Meter Data	
10.3.9 Certification of Meters	
10.3.10 Requirement for Audit and Testing	
10.3.11 Scheduling Coordinator to Ensure Certification	
10.3.12 [Not Used]	
10.3.13 [Not Used]	
10.3.14 Approval by LRA of Security and Validation Procedures	
10.3.15 [Not Used]	
10.3.16 [Not Used]	
10.3.17 Meter Identification	
10.4 Exemptions	
10.4.1 Authority to Grant Exemptions	
10.4.2 Guidelines for Granting Exemptions	
10.4.3 Procedure for Applying for Exemptions	
10.4.4 Permitted Exemptions	
<b>11. CAISO Settlements and Billing</b>	<p>Partially Joint -- This Section is N/A for many sections because Section 29.11 generally exempts EIM from these rules regarding settlements and billing and creates a separate set of rules on this topic that are specific to EIM. Section 29.11 does, however, incorporate by reference certain subsections (or portions of subsections) of Sections 11.5, 11.8, 11.10, 11.14, 11.21, 11.25, 11.28, 11.29, 11.31, and 11.32, which would be subject to joint authority.</p> <p>Any settlement and billing rules applicable to EDAM will be subject to joint authority. It is, however, uncertain at this time how the EDAM tariff framework will capture settlements and billing rules that apply to EDAM. It is thus not possible to predict what specific additional portions of Section 11 will become subject to joint authority.</p>
11.1 Settlement Principles	

11.1.1 [Not Used]	
11.1.2 Settlement Charges and Payments	
11.1.3 Financial Transaction Conventions and Currency	
11.1.4 CAISO Estimates for Initial Settlement Statement T+3B	
11.1.5 SQMD for Recalculation Settlement State T+12B	
11.2 Settlement of Day-Ahead Market Transactions	
11.2.1 IFM Settlements	
11.2.2 Calculation of Hourly RUC Compensation	
11.2.3 IFM Energy Charges and Payments for Metered Subsystems	
11.2.4 CRR Settlements	
11.2.5 Payment by OBAALSE for CRRs Through CRR Allocation Process	
11.3 Settlement of Virtual Awards	
11.3.1 Virtual Supply Awards	
11.3.2 Virtual Demand Awards	
11.4 Black Start Settlements	
11.4.1 Black Start Energy	
11.4.2 Black Start Capability	
11.5 Real-Time Market Settlements	
11.5.1 Imbalance Energy Settlements	
11.5.2 Uninstructed Imbalance Energy	
11.5.3 Unaccounted For Energy	
11.5.4 Imbalance Energy Pricing; Non-Zero Offset Amount Allocation	
11.5.5 Settlement Amount for Residual Imbalance Energy	
11.5.6 Settlement Amounts for RTD Instructed Imbalance Energy from Exceptional Dispatch	
11.5.7 Congestion Credit and Marginal Credit of Losses Credit	

11.5.8 Settlement for Emergency Assistance	
11.5.9 Flexible Ramping Product	
11.6 PDRs, RDRRs, Distributed Energy Resource Aggregations, Non-Generator Resources	
11.6.1 Settlement of Energy Transactions Involving PDRs or RDRRs Using Customer Load Baseline Methodology	
11.6.2 Settlement of Energy Transactions Using Metering Generator Output Methodology	
11.6.3 Settlement of Energy Transactions Involving PDRs or RDRRs Using Customer Load Baseline and Metering Generator Output Methodologies	
11.6.4 Settlements of Proxy Demand Resources in the Real-Time Market	
11.6.5 Settlement of Distributed Energy Resource Aggregations	
11.6.6 Settlements of Non-Generator Resources	
11.7 Additional MSS Settlements Requirements	
11.7.1 MSS Load Following Deviation Penalty	
11.7.2 Neutrality Adjustments and Charges Assessed on MSS SC	
11.7.3 Available MSS Operator Exemption for Certain Program Charges	
11.7.4 Emission Cost Responsibility of an SC for an MSS	
11.8 Bid Cost Recovery	
11.8.1 CAISO Determination of Self-Commitment Periods	
11.8.2 IFM Bid Cost Recovery Amount	

11.8.3 RUC Bid Cost Recovery Amount	
11.8.4 RTM Bid Cost Recovery Amount	
11.8.5 Unrecovered Bid Cost Uplift Payment	
11.8.6 System-Wide IFM, RUC and RTM Bid Cost Uplift Allocation	
11.9 Inter-SC Trades	
11.9.1 Physical Trades	
11.9.2 Inter-SC Trades at Aggregated Pricing Nodes	
11.10 Settlements for Ancillary Services	
11.10.1 Settlements for Contracted Ancillary Services	
11.10.2 Settlement for User Charges for Ancillary Services	
11.10.3 Spinning Reserves	
11.10.4 Non-Spinning Reserves	
11.10.5 Negative Operating Reserve Obligation Adjustment	
11.10.6 Upward Ancillary Services Neutrality Adjustment	
11.10.7 Voltage Support	
11.10.8 [Not Used]	
11.10.9 Settlements of Rescission of Payments for AS Capacity	
11.11 RACs and Wheeling Transactions	
11.11.1 Regional Access Charge	
11.11.2 Wheeling Through and Wheeling Out Transactions	
11.12 Participating Intermittent Resources	
11.12.1 [Not Used]	
11.12.2 [Not Used]	
11.12.3 Payment of Participating Intermittent Resource Fees	
11.12.4 [Not Used]	



11.13 Settlements of RMR Charges and Payments	
11.13.1 Daily RMR Settlement	
11.13.2 Daily RMR Capacity Payment	
11.13.3 Daily Variable Cost Payment	
11.13.4 Daily Additional Cost Settlement	
11.13.5 Daily RMR Excess Revenues	
11.13.6 Daily RMR Exceptional Dispatch Excess Revenues	
11.13.7 Daily RMR Cost Allocation	
11.13.8 [Not Used]	
11.13.9 [Not Used]	
11.13.10 [Not Used]	
11.14 Neutrality	
11.15 Payments Under Section 42.1 Contracts	
11.16 Additional AS and RUC Payment Rescission Requirements	
11.16.1 Resources with More Than One Capacity Obligation	
11.16.2 Load-Following MSSs with an AS or RUC Capacity Obligation	
11.17 Application of the Persistent Deviation Metric	
11.17.1 Persistent Deviation Threshold and Mitigation	
11.17.2 Shut-Down Adjustment	
11.17.3 Application of Persistent Deviation Metric to Eligible Intermittent Resources' Residual Imbalance Energy	
11.18 Emissions Costs	
11.18.1 Obligation to Pay Emissions Costs Charges	
11.18.2 CAISO Emissions Costs Trust Account	
11.18.3 Rate for the Emission Cost Trust Account	

11.18.4 Adjustment of the Rate for the Emissions Cost Charge	
11.18.5 Credits and Debits of Emissions Cost Charges from SCs	
11.18.6 Submission of Cost Invoices by RMR Owner	
11.18.7 Payment of Emissions Cost Invoices	
11.19 FERC Annual Charges	
11.19.1 FERC Annual Charge Recovery Rate	
11.19.2 FERC Annual Charge Trust Account	
11.19.3 Determination of the FERC Annual Charge Recovery Rate	
11.19.4 Credits and Debits of FERC Annual Charges from SCs	
11.20 NERC/WECC Charges	
11.20.1 Responsibility for NERC/WECC Charges	
11.20.2 [Not Used]	
11.20.3 [Not Used]	
11.20.4 Process for Invoicing NERC/WECC Charges	
11.20.5 Timely Payments	
11.20.6 NERC/WECC Charge Trust Account	
11.20.7 Preliminary and Final NERC/WECC Charge Invoices	
11.20.8 Provision of Payments and Information to the WECC	
11.20.9 Reliability Coordinator Services Charge	
11.21 Make Whole Payments for Price Corrections	
11.21.1 CAISO Demand and Exports	
11.21.2 Price Correction for Settlement of Virtual Awards	
11.22 Grid Management Charge	
11.22.1 CAISO's Obligation	

11.22.2 Costs Recovered Through the Grid Management Charge	
11.22.3 [Not Used]	
11.22.4 TOR Charges	
11.22.5 Bid Segment Fee	
11.22.6 CRR Transaction Fee	
11.22.7 Inter-Scheduling Coordinator Trade Transaction Fee	
11.22.8 Scheduling Coordinator ID Charge	
11.23 Penalties for Uninstructed Imbalance Energy	
11.24 [Not Used]	
11.24.1 [Not Used]	
11.24.2 [Not Used]	
11.24.3 [Not Used]	
11.24.4 [Not Used]	
11.25 Settlement of Flexible Ramping Product	
11.25.1 Settlement of Forecasted Movement	
11.25.2 Settlement of Uncertainty Requirement	
11.25.3 Rescission	
11.25.4 [Not Used]	
11.25.5 [Not Used]	
11.26 [Not Used]	
11.27 Voltage Support Charges	
11.28 Calculating, Charging and Disbursing Default Interest	
11.29 CAISO as Counterparty; Billing and Payment	
11.29.1 Billing and Payment Process Based on Settlement Statement	
11.29.2 Time-Frame for Payments or Charges	
11.29.3 Prepayments	
11.29.4 System Failure	
11.29.5 General Principles for Production of Settlement Statements	

11.29.6 Balancing of Market Accounts in Absence of Meter Data	
11.29.7 Settlements Cycle	
11.29.8 Confirmation and Validation	
11.29.9 Payment Procedures	
11.29.10 Billing and Payment	
11.29.11 Instructions for Payment	
11.29.12 CAISO's Responsibilities	
11.29.13 Non-Payment by a Scheduling Coordinator or CRR Holder	
11.29.14 Enforcement Actions for Late Payments	
11.29.15 [Not Used]	
11.29.16 Prohibition on Transfers	
11.29.17 Alternative Payment Procedures	
11.29.18 [Not Used]	
11.29.19 Payment Errors	
11.29.20 Defaults	
11.29.21 [Not Used]	
11.29.22 Data Gathering and Storage	
11.29.23 Communications	
11.29.24 CAISO Payments Calendar	
11.30 Auditing	
11.31 Intertie Schedules Decline Charges	
11.31.1 Decline Monthly Charge – Imports	
11.31.2 Decline Monthly Charge – Imports	
11.31.3 Allocation of Import/Export Decline Monthly Charges	
11.32 Measures to Address Intertie Scheduling Practices	
11.33 Setting Revenue	

11.34 Invoice Charges for Transferred Frequency Response	
11.34.1 Charge Allocation Basis	
11.34.2 Calculation and Assessment	
11.34.3 Responsibility to Pay Charges	
11.34.4 Validation	
11.34.5 Disputes and Corrections	
11.34.6 Payment Default	
11.34.7 Modification to Schedule	
<b>12. Creditworthiness</b>	<p>Mostly Joint – This section would be for the most part subject to joint authority because Section 29 generally incorporates the entirety of this section by reference. However, the subsections and provisions within subsections that have no application to the EIM or RTM – such as those applying to CRRs or Virtual Bids (see 12.6 and 12.8) – would not be Joint and instead would be N/A.</p> <p>This stays the same for EDAM, except that credit rules relating to Virtual Bidding will also be subject to joint authority because EDAM will include Virtual Bidding. <u>Note</u>: If EDAM in the future includes CRRs (as some have suggested), Credit provisions for CRRs would also be subject to joint authority.</p>
12.1 Credit and Minimum Participation Requirements	
12.1.1 Unsecured Credit Limit	
12.1.2 Financial Security and Financial Security Amount	
12.1.3 Estimated Aggregate Liability	
12.2 Review of Creditworthiness	
12.3 Posting and Releases of Financial Security	

12.3.1 Self-Supply of UDC Demand	
12.4 Calculation of Ongoing Financial Security Requirements	
12.4.1 Resolution of a CAISO Request for Additional Security Amount	
12.4.2 Dispute Process for a Request for Additional Security Amount	
12.5 CAISO Enforcement Actions	
12.5.1 Under-Secured and Non-Compliant Market Participants	
12.5.2 Late Posting Of Financial Security	
12.6 Credit Obligations Applicable to CRRs	
12.6.1 Credit Requirements for CRR Allocations	
12.6.2 Credit Requirements for CRR Auctions	
12.6.3 Credit Requirements for the Holding of CRRs	
12.6.4 Credit Requirements for Sales of Allocated CRRs	
12.7 [Not Used]	
12.8 Credit Requirements Applicable to Virtual Bids	
12.8.1 Credit Check in the Day-Ahead Market	
12.8.2 Virtual Bid Reference Prices	
12.8.3 Adjustment of EAL after Close of the DAM	
12.8.4 Adjustment of EAL after the Close of the RTM	
<b>13. Dispute Resolution</b>	<p>Joint - Section 29.13 generally incorporates Section 13 by reference, which makes these provisions applicable to EIM and therefore subject to joint authority.</p> <p>This stays the same for EDAM.</p>
13.1 Applicability	

13.1.1 General Applicability	
13.1.2 Disputes Involving Government Agencies	
13.1.3 Injunctive and Declaratory Relief	
13.1.4 Disputes Arising Under Section 11	
13.2 Negotiation and Mediation	
13.2.1 Negotiation	
13.2.2 Statement of Claim	
13.2.3 Selection of Mediator	
13.2.4 Mediation	
13.2.5 Demand for Arbitration	
13.3 Arbitration	
13.3.1 Selection of Arbitrator	
13.3.2 Disclosures Required of Arbitrators	
13.3.3 Arbitration Procedures	
13.3.4 Modification of Arbitration Procedures	
13.3.5 Remedies	
13.3.6 Summary Disposition	
13.3.7 Discovery Procedures	
13.3.8 Evidentiary Hearing	
13.3.9 Confidentiality	
13.3.10 Timetable	
13.3.11 Decision	
13.3.12 Compliance	
13.3.13 Enforcement	
13.3.14 Costs	
13.4 Appeal of Award	
13.4.1 Basis for Appeal	
13.4.2 Appellate Record	
13.4.3 Procedures for Appeals	
13.4.4 Award Implementation	
13.4.5 Judicial Review of FERC Orders	
13.5 Allocation of Awards Payable by or to the CAISO	
13.5.1 Allocation of an Award	
13.5.2 Timing of Adjustments	
13.5.3 Method of Allocation	
<b>14. Uncontrollable Force, Indemnity, Liabilities, and Penalties</b>	<b>Joint - Section 29.14 generally incorporates Section 14 by reference,</b>

	<p>which makes these provisions applicable to EIM and therefore subject to joint authority.</p> <p>This stays the same for EDAM.</p>
14.1 Uncontrollable Forces	
14.2 Responsibilities of Affected Entity	
14.3 Strikes, Lockouts or Labor Disputes	
14.4 Market Participant’s Indemnity	
14.5 Limitation on Liability	
14.5.1 Limitation on Damages	
14.5.2 Exclusion of Certain Types of Loss	
14.6 Potomac Economics, Ltd. Limitation of Liability	
14.7 Allocation of Reliability-Related Penalty Costs	
14.7.1 Overview of Process	
14.7.2 Direct Allocation of Reliability Standards Penalties	
14.7.3 Indirect Allocation of Penalty Costs	
<b>15. Regulatory Filings</b>	<p>N/A – not incorporated by reference in Section 29.</p> <p>This stays the same for EDAM.</p>
<b>16. Existing Contracts</b>	<p>N/A – not incorporated by reference in Section 29.</p> <p>The EDAM policy, as stated in the Revised Straw Proposal, contemplates that there will be provisions addressing the availability and administration of existing contracts and transmission ownership rights in connection with EDAM transfers. Those provisions will be subject to joint authority. It is, however, uncertain at this time how the EDAM tariff framework will capture these rules. To the extent the framework incorporates any sections within Section 16 or 17 of the tariff, those provisions would be subject to joint authority.</p>



16.1 Continuation of Existing Contracts for Non-Participating TOs	
16.1.1 Participating TO Obligation	
16.1.2 Right to Use and Ownership of Facilities	
16.1.3 Existing Contract Dispute Resolution	
16.1.4 Conversion of PTO's Rights Under Existing Contracts	
16.2 [Not Used]	
16.3 Curtailment Under Emergency and Non-Emergency Conditions	
16.3.1 Emergency Conditions	
16.3.2 Non-Emergency Conditions	
16.4 TRTC Instructions	
16.4.1 Responsibility to Create TRTC Instructions	
16.4.2 Responsible PTO Re Multiple PTO Parties to Existing Contracts	
16.4.3 Scheduling Coordinator Responsibilities	
16.4.4 Submission of TRTC Instructions	
16.4.5 TRTC Instructions Content	
16.4.6 Changes and Updates to TRTC Instructions	
16.4.7 Treatment of TRTC Instructions	
16.4.8 CAISO Role in Existing Contracts	
16.4.9 Implementation of TRTC Instructions	
16.5 Treatment of Existing Contracts for Transmission Service	
16.5.1 System Emergency Exceptions	
16.6 Valid ETC Self-Schedules	
16.6.1 Validation of ETC Self-Schedules	
16.6.2 Treatment of Invalid ETC Self-Schedules	
16.6.3 Treatment of Valid ETC Self-Schedules	

16.6.4 Notification to SCs of CAISO Determination	
16.7 [Not Used]	
16.8 [Not Used]	
16.9 The HASP	
16.9.1 Scheduling Deadlines	
16.10 The CAISO’s Real-Time Process	
16.11 Inter-Balancing Authority Area ETC Self-Schedule Bid Changes	
16.12 Intra-Balancing Authority Area ETC Self-Schedules Changes	
<b>17. Transmission Ownership Rights (TORs)</b>	<p>N/A – applies only to CAISO Controlled Grid. Section 29.17 thus does not incorporate this section and instead establishes a set of standalone transmission-related rules specific to EIM.</p> <p>The EDAM policy, as stated in the Revised Straw Proposal, contemplates that there will be provisions addressing the availability and administration of existing contracts and transmission ownership rights in connection with EDAM transfers. Those provisions would be subject to joint authority. It is, however, uncertain at this time how the EDAM tariff framework will capture these rules. To the extent the framework incorporates any sections within Section 16 or 17 of the tariff, those provisions would be subject to joint authority.</p>
17.1 TRTC Instructions	
17.1.1 Responsibility to Create TRTC Instructions	
17.1.2 TOR Scheduling Coordinator Responsibilities	
17.1.3 Submission of TRTC Instructions	
17.1.4 TRTC Instructions Content	
17.1.5 Changes and Updates to TRTC Instructions	
17.1.6 CAISO Role in Accepting TRTC Instructions	

17.1.7 Implementation of TRTC Instructions	
17.2 Treatment of TORs	
17.2.1 System Emergency Expectations	
17.3 Valid TOR Self-Schedule	
17.3.1 Validation of TOR Self-Schedules	
17.3.2 Treatment of Invalid TOR Self-Schedules	
17.3.3 Settlement Treatment of Valid TOR Self-Schedules	
17.3.4 Notification to SCs of CAISO Determination	
17.4 The HASP	
17.4.1 Scheduling Deadlines	
17.5 The CAISO's Real-Time Process	
17.6 Inter-Balancing Authority Area TOR Self-Schedule Bid Changes	
17.7 Intra-Balancing Authority Area TOR Self-Schedule Changes	
17.8 Existing Contracts Re TORs for Non-Participating TOs	
17.8.1 Participating TO Obligation	
17.8.2 Right to Use and Ownership of TORs	
17.8.3 Dispute Resolution for Existing Contracts Applicable to TORs	
17.9 Conversion of PTOs' Rights Under Existing Contracts Re TORs	
17.10 TOR Operations Obligations	
<b>18. [Not Used]</b>	
<b>19. Reliability Coordinator</b>	N/A – Section 29 does not incorporate any of the rules in this section.  This stays the same for EDAM.
19.1 General Provisions	
19.2 Access to RC Services	
19.3 Supplemental Services – Hosted Advanced Network Applications (HANA)	
19.4 Supplemental Services – Physical Security Review	

19.5 Roles and Responsibilities	
19.6 Provision of Settlement Data by RC Customers	
19.7 Settlements and Billing for RC Customers	
19.8 Supplemental Services – HANA Services Charge	
19.9 Supplemental Services – Physical Security Review Charge	
19.10 Dispute Resolution Procedures	
19.11 Reliability Coordinator Oversight	
19.12 Uncontrollable Forces	
19.13 Liability	
19.14 Penalties	
19.15 Confidentiality	
19.16 Miscellaneous Provisions in Addition to Section 22	
<b>20. Confidentiality</b>	<p>Joint (specifically where applicable to EIM) -- Section 29 applies these confidentiality provisions to the EIM.</p> <p>This stays the same for EDAM. All confidentiality rules that apply to EDAM market participants in the Day-Ahead market will also be subject to joint authority.</p>
20.1 CAISO	
20.2 Confidential Information	
20.3 Other Parties	
20.4 Disclosure	
20.5 Confidentiality	
<b>21. [Not Used]</b>	
<b>22. Miscellaneous</b>	<p>Partially Joint – Under section 29.22, the provisions in Section 22 that apply to market participants are applicable to EIM. Those provisions, which are in Sections 22.2, 22.4, 22.5, and 22.7 through 22.13 would be subject to joint authority. The other subsections govern the CAISO and would be N/A.</p> <p>This stays the same for EDAM.</p>
22.1 Audits	

22.1.1 Materials Subject to Audit	
22.1.2 CAISO Audit Committee	
22.1.3 Audit Results	
22.1.4 Availability of Records	
22.1.5 Confidentiality of Information	
22.1.6 Payments	
22.2 Assignment	
22.3 Term and Termination	
22.3.1 Effective Date of CAISO Tariff	
22.3.2 Termination of CAISO Tariff with Board and FERC Approval	
22.4 Notice	
22.4.1 Effectiveness	
22.4.2 Addresses	
22.4.3 Notice of Changes in Operating Procedures and BPMs	
22.5 Waiver	
22.6 Staffing and Training to Meet Obligations	
22.7 Accounts and Reports	
22.8 Applicable Law and Forum	
22.9 Consistency with Federal Laws and Regulations	
22.10 Administrative Fees	
22.11 Operating Procedures and BPM Development and Amendment	
22.11.1 Process for Revisions of Business Practice Manuals	
22.11.2 Changes to BPM for BPM Change Management	
22.11.3 Requests for and Access to Nonpublic Operating Procedures	
22.12 [Not Used]	
22.13 Scheduling Responsibilities and Obligations	
<b>23. Categories of Transmission Capacity</b>	<b>N/A – applies only to CAISO Controlled Grid; Section 29 does not incorporate this Section.</b>  <b>This stays the same for EDAM.</b>

<b>24. Comprehensive Transmission Planning Process</b>	N/A – applies only to CAISO Controlled Grid; Section 29 does not incorporate this Section  This stays the same for EDAM.
24.1 Overview	
24.1.1 [Not Used]	
24.1.2 [Not Used]	
24.1.3 [Not Used]	
24.1.4 [Not Used]	
24.2 Nature of the Transmission Planning Process	
24.2.1 [Not Used]	
24.2.2 [Not Used]	
24.2.3 [Not Used]	
24.2.4 [Not Used]	
24.3 Transmission Planning Process Phase	
24.3.1 Inputs to the Unified Planning Assumptions and Study Plan	
24.3.2 Content of the Unified Planning Assumptions and Study Plan	
24.3.3 Stakeholder Input – Unified Planning Assumptions/Study Plan	
24.3.4 Economic Planning Studies	
24.3.5 [Not Used]	
24.4 Transmission Planning Process Phase 2	
24.4.1 Conducting Technical Studies	
24.4.2 Proposed Reliability Driven Transmission Solutions	
24.4.3 Phase 2 Request Window	
24.4.4 [Not Used]	
24.4.5 Determination of Needed Transmission Solutions	
24.4.6 Categories of Transmission Solutions	
24.4.7 Description of Transmission Solutions	

24.4.8 Additional Contents of Comprehensive Transmission Plan	
24.4.9 Phase 2 Stakeholder Process	
24.4.10 Transmission Plan Approval Process	
24.5 Transmission Planning Process Phase 3	
24.5.1 Competitive Solicitation Process	
24.5.2 Project Sponsor Application and Information Requirements	
24.5.3 Project Sponsor and Proposal Qualifications	
24.5.4 Project Sponsor Selection Factors and Comparative Analysis	
24.5.5 Notice to Project Sponsors	
24.5.6 Competitive Solicitation Project Proposal Fee	
24.6 Obligation to Construct Transmission Solutions	
24.6.1 Approved Project Sponsor Reporting Requirements	
24.6.2 Delay in the Transmission Solution In-Service Date	
24.6.3 Development and Submittal of Mitigation Plans	
24.6.4 Inability to Complete the Transmission Solution	
24.7 Documentation of Compliance with NERC Reliability Standards	
24.8 Additional Planning Information	
24.8.1 Information Provided by Participating TOs	
24.8.2 Limitation on Regional Activities	
24.8.3 Information Requested from Load Serving Entities	
24.8.4 Information from BAAs and Regulators	

24.8.5 Obligation to Provide Updated Information	
24.9 Participating TO Study Obligation	
24.10 Operational Review and Impact Analysis	
24.10.1 [Not Used]	
24.10.2 [Not Used]	
24.10.3 [Not Used]	
24.10.4 [Not Used]	
24.11 [Not Used]	
24.11.1 [Not Used]	
24.11.2 [Not Used]	
24.11.3 [Not Used]	
24.12 WECC and Interregional Coordination	
24.13 Interregional Transmission Proposals in the Regional Process	
24.13.1 [Not Used]	
24.13.2 [Not Used]	
24.14 Cost Responsibility for Transmission Additions or Upgrades	
24.14.1 Project Sponsor Commitment to Pay Full Cost	
24.14.2 Cost of Needed Addition or Upgrade to be Borne by PTO	
24.14.3 CRR Entitlement for Project Sponsors Not Recovering Costs	
24.14.4 RAC Treatment of New Regional Transmission Facilities Costs	
24.15 Ownership of and Charges for Expansion Facilities	
24.15.1 Transmission Additions and Upgrades under TCA	
24.15.2 Access and Charges for Transmission Additions and Upgrades	
24.16 Expansion by Local Furnishing Participating TOs	
24.17 Evaluation of Interregional Transmission Projects	



24.17.1 Submission of Interregional Transmission Projects	
24.17.2 Interregional Transmission Project Assessment	
24.17.3 Selection in the Comprehensive Transmission Plan	
24.17.4 Interregional Transmission Project Cost Recovery	
24.17.5 Monitoring the Status of Interregional Transmission Projects	
24.17.6 Delay in Interregional Transmission Project In-Service Date	
24.18 Order 1000 Common Interregional Tariff	
24.18.1 Annual Interregional Information Exchange	
24.18.2 Annual Interregional Coordination Meeting	
24.18.3 Interregional Transmission Project Joint Evaluation Process	
24.18.4 Interregional Cost Allocation Process	
24.18.5 Application of Regional Cost Allocation Methodology	
<b>25. Interconnection of Generating Units and Facilities</b>	N/A – applies only to CAISO Controlled Grid; Section 29 does not incorporate this Section  <a href="#">This stays the same for EDAM.</a>
25.1 Applicability	
25.1.1 Interconnection Request and Generating Unit Requirements	
25.1.2 Affidavit Requirements	
25.2 Interconnection to the Distribution System	
25.3 Maintenance of Encumbrances	
25.4 Asynchronous Generating Facilities	
25.4.1 Asynchronous Generating Facilities-Reactive Power	
25.5 Modifications to Generating Facilities	

25.5.1 No Header	
25.5.2 No Header	
25.5.3 No Header	
<b>26. Transmission Rates and Charges</b>	<p>N/A – applies only to charges within CAISO BA; Section 29.26 exempts EIM transfers from any charges under this section.</p> <p>The EDAM policy, as stated in the Revised Straw Proposal, contemplates that there will be provisions allowing for the recovery of historical transmission revenue that was foregone due to making transmission for EDAM transfers available hurdle-free. The tariff rules establishing this recovery will be subject joint authority. It is, however, uncertain at this time how the EDAM tariff framework will capture these rules. To the extent any of these rules are placed within this Section, they will be subject to joint authority. The currently existing rules in Section 26 will continue to apply only to the CAISO BA and thus will continue to be N/A.</p>
26.1 Access Charge	
26.1.1 Publicly Owned Electric Utilities Access Charge	
26.1.2 Regional Access Charge Settlement	
26.1.3 Distribution of RAC Revenues	
26.1.4 Wheeling	
26.1.5 Unbundled Retail Transmission Rates	
26.2 [Not Used]	
26.3 Addition of New Facilities After CAISO Implementation	
26.4 Effect on Tax-Exempt Status	
26.5 [Not Used]	
26.6 Location Constrained Resource Interconnection Facilities	
26.6.1 LCRIFs that Become Network Facilities	

<p><b>27. CAISO Markets and Processes</b></p>	<p>Joint (specifically where applicable to RTM/EIM) –Section 29 generally incorporates this section by reference for provisions applicable to both the RTM and EIM.</p> <p>Under EDAM, joint authority would also extend to the provisions in Section 27 that are applicable to both the Day-Ahead Market and EDAM. The new EDAM section of the tariff (Section 33) will identify those provisions.</p>
<p>27.1 LMPs and Ancillary Services Marginal Prices</p>	
<p>27.1.1 Locational Marginal Prices for Energy</p>	
<p>27.1.2 Ancillary Service Prices</p>	
<p>27.1.3 Regulation Mileage Clearing Price</p>	
<p>27.2 Load Aggregation Points (LAP)</p>	
<p>27.2.1 Metered Subsystems</p>	
<p>27.2.2 Determination of LAP Prices</p>	
<p>27.3 Trading Hubs</p>	
<p>27.4 Optimization in the CAISO Market Processes</p>	
<p>27.4.1 Security Constrained Unit Commitment</p>	
<p>27.4.2 Security Constrained Economic Dispatch</p>	
<p>27.4.3 CAISO Markets Scheduling and Pricing Parameters</p>	
<p>27.5 Full Network Model</p>	
<p>27.5.1 Network Models used in CAISO Markets</p>	
<p>27.5.2 Metered Subsystems</p>	
<p>27.5.3 Integrated Balancing Authority Areas</p>	
<p>27.5.4 Accounting for Changes in Topology in IFM</p>	
<p>27.5.5 Load Distribution Factor</p>	

27.5.6 Management & Enforcement of Constraints in the CAISO Markets	
27.6 State Estimator	
27.7 Constrained Output Generation	
27.7.1 Election of Constrained Output Generator Status	
27.7.2 Election to Waive COG Status	
27.7.3 Constrained Output Generators in the IFM	
27.7.4 Constrained Output Generators in RUC	
27.7.5 Constrained Output Generators in the Real-Time Market	
27.8 Multi-Stage Generating Resources	
27.8.1 Registration and Qualification	
27.8.2 Information Requirements	
27.8.3 Changes in Status and Configurations of Resource	
27.9 Non-Generator Resources and Pumped-Storage Hydro Unit Constraints	
27.10 Election to Use Non-Generator Resource Generic Modeling Functionality	
27.11 Natural Gas Constraint	
27.12 Operator Imbalance Conformance	
27.12.1 Operator Conformance in the Real-Time Market	
27.12.2 Conformance Limiter in the Real-Time Market	
<b>28. Inter-SC Trades</b>	<b>N/A – applies only to CAISO BA; Section 29 excludes these rules for EIM.</b>
	<b>This stays the same for EDAM.</b>
28.1 Inter-SC Trades of Energy	
28.1.1 Purpose	
28.1.2 Availability of Inter-SC Trades of Energy	

28.1.3 Submission of Inter-SC Trades of Energy	
28.1.4 Information Requirements	
28.1.5 General Validation Rules for Inter-SC Trades	
28.1.6 Validation Procedures for Physical Trades	
28.2 Inter-SC Trades of Ancillary Services	
28.2.1 Information Requirements	
28.2.2 Validation	
28.2.3 Submission of Inter-SC Trades of Ancillary Services	
28.3 Inter-SC Trades of IFM Load Uplift Obligation	
28.3.1 Information Requirements	
28.3.2 Validation	
28.3.3 Submission of Inter-SC Trades of IFM Load Uplift Obligation	
<b>29. Energy Imbalance Market</b>	<p>Joint – All of the provisions in this Section would be subject to joint authority.</p> <p>This stays the same for EDAM. In other words, all of Section 29 continues to be subject to joint authority.</p>
29.1 General Provisions.	
29.2 EIM Entity Access to the Real-Time Market	
29.3 [Not Used]	
29.4 Roles and Responsibilities	
29.5 [Not Used]	
29.6 Communications	
29.7 EIM Operations Under Normal and Emergency Conditions.	
29.8 [Not Used]	
29.9 Outages and Critical Contingencies.	
29.10 Metering and Settlement Data.	
29.11 Settlements and Billing for EIM Market Participants.	
29.12 Creditworthiness	
29.13 Dispute Resolution	
29.14 Uncontrollable Forces, Indemnity, Liabilities, and Penalties	

29.15 [Not Used]	
29.16 [Not Used]	
29.17 EIM Transmission System	
29.18 [Not Used]	
29.19 [Not Used]	
29.20 Confidentiality	
29.21 [Not Used]	
29.22 Miscellaneous Provisions in Addition to Section 22.	
29.23 [Not Used]	
29.24 [Not Used]	
29.25 [Not Used]	
29.26 Transmission Rates and Charges.	
29.27 CAISO Markets and Processes.	
29.28 Inter-SC Trades	
29.29 [Not Used]	
29.30 Bid and Self-Schedule Submission for CAISO Markets.	
29.31 Day-Ahead.	
29.32 Greenhouse Gas Regulation and EIM Bid Adders.	
29.33 [Not Used]	
29.34 EIM Operations	
29.35 Market Validation and Price Correction	
29.36 [Not Used]	
29.37 Rules of Conduct	
29.38 Market Monitoring	
29.39 EIM Market Power Mitigation.	
29.40 [Not Used]	
29.41 [Not Used]	
29.42 [Not Used]	
29.43 [Not Used]	
29.44 Flexible Ramping Product	
<b>30. Bid and Self-Schedule Submission for all CAISO Markets</b>	<p>Joint (specifically where applicable to RTM/EIM) –Section 29 incorporates this section by reference for the provisions applicable to both RTM and EIM.</p> <p>Under EDAM, joint authority would also extend to the provisions in Section 30 that are applicable to both the Day-Ahead Market and EDAM. The new EDAM</p>

	section of the tariff (Section 33) will identify those provisions.
30.1 Bids, Including Self-Schedules	
30.1.1 Day-Ahead Market	
30.1.2 Real-Time Market	
30.2 Bid Types	
30.3 [Not Used]	
30.4 Proxy Cost and Registered Cost Methodologies	
30.4.1 Start-Up and Minimum Load Costs	
30.5 Bidding Rules	
30.5.1 General Bidding Rules	
30.5.2 Supply Bids	
30.5.3 Demand Bids	
30.5.4 Wheeling Through Transactions	
30.5.5 Scheduling Sourcing/Sinking in Same Balancing Authority Area	
30.5.6 Non-Generator Resource Bids	
30.5.7 E-Tag Rules and Treatment of Intertie Schedules	
30.6 Bidding and Scheduling of PDRs and RDRRs	
30.6.1 Bidding and Scheduling of PDRs	
30.6.2 Bidding and Scheduling of RDRRs	
30.6.3 Net Benefits Test for PDRs or PDRRs	
30.7 Bid Validation	
30.7.1 Scheduling Coordinator Access	
30.7.2 Timing of CAISO Validation	
30.7.3 DAM Validation	
30.7.4 RTM Validation	
30.7.5 Validation of ETC Self-Schedules	
30.7.6 Validation and Treatment of Ancillary Services Bids	

30.7.7 Format and Validation of Operational Ramp Rates	
30.7.8 Format and Validation of Start-Up and Shut-Down Times	
30.7.9 Format and Validation of Start-Up Costs and Shut-Down Costs	
30.7.10 Format and Validation of Minimum Load Costs	
30.8 Bids on Out-of-Service Paths at Scheduling Points Prohibited	
30.9 Virtual Bids	
30.9.1 Virtual Bid Components	
30.10 Use of AC Solution and Nodal MW Constraints	
30.11 Filings to Recover Commitment-Related Fuel Costs	
30.12 [Not Used]	
30.12.1 [Not Used]	
30.12.2 [Not Used]	
30.12.3 [Not Used]	
30.12.4 [Not Used]	
<b>31. Day-Ahead Market</b>	<p>N/A – Section 29 excludes EIM from participating in DA market.</p> <p>This section will generally be subject to joint authority. Because the policy and tariff framework are not yet complete, we do not know at this time what, if any, provisions from this Section will be inapplicable to EDAM. To the extent there are any such provisions, they would be N/A.</p>
31.1 Bid Submission and Validation in the Day-Ahead Market	
31.2 Day-Ahead MPM Process	
31.2.1 The Market Power Mitigation Process	
31.2.2 [Not Used]	
31.2.3 Bid Mitigation	
31.3 Integrated Forward Market	
31.3.1 Market Clearing and Price Determination	



31.3.2 Congestion and Transmission Losses Cost Determination	
31.3.3 Metered Subsystems	
31.4 CAISO Market Adjustments to Non-Priced Quantities in the IFM	
31.5 Residual Unit Commitment	
31.5.1 RUC Participation	
31.5.2 Metered Subsystem RUC Obligation	
31.5.3 RUC Procurement Target	
31.5.4 RUC Procurement Constraints	
31.5.5 Selection and Commitment of RUC Capacity	
31.5.6 Eligibility for RUC Compensation	
31.5.7 Rescission of Payments for RUC Capacity	
31.6 Timing of Day-Ahead Scheduling	
31.6.1 Criteria for Temporary Waiver of Timing Requirements	
31.6.2 Information to be Published on Secure Communication System	
31.6.3 Conditions Permitting CAISO to Abort Day-Ahead Market	
31.6.4 [Not Used]	
31.7 Extremely Long-Start Commitment Process	
31.8 Constraints Enforced at Interties	
31.8.1 Scheduling Constraints	
31.8.2 Physical Flow Constraints	
<b>32. [Not Used]</b>	
<b>33. [Not Used]</b>	As noted, this Section will be used for the EDAM rules, similar to how Section 29 is used for EIM. Section 33 will be subject to joint authority.
<b>34. Real-Time Market</b>	Joint (specifically where applicable to RTM/EIM) –Section 29 incorporates this section by reference for the provisions applicable to both RTM and EIM, which

	<p>thus would be subject to joint authority. Section 29.34 also sets forth supplementary rules specific to the EIM participation in the Real-Time Market, which would also be Joint.</p> <p>Under EDAM, joint authority would also extend to any provisions in Section 34 that are applicable to both the Day-Ahead Market and EDAM. The new EDAM section of the tariff (Section 33) will identify those provisions, if any exist.</p>
34.1 Inputs to the Real-Time Market	
34.1.1 Day-Ahead Market Results as Inputs to the Real-Tie Market	
34.1.2 Market Model and System Information	
34.1.3 Bids in the Real-Time Market	
34.1.4 Real-Time Validation of Schedules and Bids	
34.1.5 Mitigating Bids in the RTM	
34.1.6 Eligible Intermittent Resources Forecast	
34.2 The Hour-Ahead Scheduling Process	
34.2.1 The HASP Optimization	
34.2.2 Treatment of Self-Schedules in HASP	
34.2.3 Ancillary Services in the HASP and FMM	
34.2.4 HASP Results	
34.2.5 Cessation of the HASP	
34.3 Real-Time Unit Commitment	
34.3.1 RTUC Optimization	
34.3.2 Commitment of Fast Start and Short Start Units	
34.3.3 [Not Used]	
34.4 Fifteen Minute Market	
34.4.1 Real-Time Ancillary Services Procurement	
34.5 Real-Time Dispatch	

34.5.1 Real-Time Economic Dispatch	
34.5.2 Real-Time Contingency Dispatch	
34.5.3 Real-Time Manual Dispatch	
34.6 Short-Term Unit Commitment	
34.7 General Dispatch Principles	
34.8 Dispatch Instructions to Units, Participating Loads, PDRs, and RDRRs	
34.9 Utilization of the Energy Bids	
34.9.1 [Not Used]	
34.9.2 [Not Used]	
34.9.3 [Not Used]	
34.9.4 [Not Used]	
34.10 Dispatch of Energy from Ancillary Services	
34.10.1 [Not Used]	
34.10.2 [Not Used]	
34.11 Exceptional Dispatch	
34.11.1 System Reliability Exceptional Dispatches	
34.11.2 Other Exceptional Dispatches	
34.11.3 Transmission-Related Modeling Limitations	
34.11.4 Reporting Requirements	
34.12 CAISO Market Adjustment to Non-Priced Quantities in the RTM	
34.12.1 Increasing Supply	
34.12.2 Decreasing Supply	
34.13 Means of Dispatch Communication	
34.13.1 Response Required by Resources to Dispatch Instructions	
34.13.2 Failure to Conform to Dispatch Instructions	
34.14 Metered Subsystems	
34.14.1 [Not Used]	
34.15 Treatment of Resource Adequacy Capacity in the RTM	
34.15.1 [Not Used]	

34.15.2 [Not Used]	
34.15.3 [Not Used]	
34.15.4 [Not Used]	
34.15.5 [Not Used]	
34.15.6 [Not Used]	
34.16 Real-Time Activities in the Hour Prior to Settlement Period	
34.16.1 Confirm Interchange Transaction Schedules (ITSs)	
34.16.2 [Not Used]	
34.16.3 [Not Used]	
34.17 Rules for Real-Time Dispatch of Imbalance Energy Resources	
34.17.1 Resource Constraints	
34.17.2 Calculation of Dispatch Operating Points After Instructions	
34.17.3 [Not Used]	
34.17.4 Inter-Hour Dispatch of Resources with Real-Time Energy Bids	
34.17.5 Inter-Hour Resources Dispatch without Real-Time Energy Bids	
34.17.6 Intra-Hour Exceptional Dispatches	
34.18 Ancillary Services in the Real-Time Market	
34.18.1 Dispatch of Self-Provided Ancillary Services	
34.18.2 Ancillary Services Requirements for RTM Dispatch	
34.19 Dispatch Information and Instructions	
34.19.1 Dispatch Information to be Supplied by the CAISO	
34.19.2 Dispatch Information to be Supplied by SC	
34.19.3 Dispatch Information to be Supplied by UDCs	
34.19.4 Dispatch Information to be Supplied by PTOs	
34.19.5 Dispatch Information to be Supplied by Balancing Authorities	

34.20 Pricing Imbalance Energy	
34.20.1 General Principles	
34.20.2 Determining Real-Time LMPs	
34.21 Temporary Waiver of Timing Requirements for the RTM	
34.21.1 Criteria for Temporary Waiver	
34.21.2 Information to be Published on Secure Communication System	
34.22 Real-Time Dispatch of RDRRs	
34.22.1 Testing of RDRRs	
<b>35. Market Validation and Price Correction</b>	<p>Joint (specifically where applicable to RTM/EIM) –Section 29 incorporates this section by reference for the provisions applicable to both RTM and EIM.</p> <p>Under EDAM, joint authority would also extend to the provisions in Section 35 that are applicable to both the Day-Ahead Market and EDAM. The new EDAM section of the tariff (Section 33) will identify those provisions.</p>
35.1 Market Validation	
35.2 Timing of Price Correction Process	
35.3 Finality of Prices Subject to the Price Correction Process	
35.3.1 Price Corrections and Changes Pursuant to FERC Orders	
35.3.2 Processing and Publication Issues	
35.4 Scope of Price Corrections	
35.5 Price Correction Methodology	
35.6 Weekly Price Correction Report	
<b>36. Congestion Revenue Rights</b>	<p>N/A – Section 29 does not apply any of the rules in this section 36 to EIM.</p> <p>This stays the same for EDAM. <u>Note:</u> If EDAM in the future includes CRRs (as some have suggested), some or all of this Section may become subject to joint authority.</p>

36.1 Overview of CRRs and Procurement of CRRs	
36.2 Types of CRR Instruments	
36.2.1 CRR Obligations	
36.2.2 CRR Options	
36.2.3 Point-To-Point CRRs	
36.2.4 [Not Used]	
36.2.5 Monthly CRRs	
36.2.6 Seasonal CRRs	
36.2.7 Long Term CRRs	
36.2.8 Limitations on Funding of CRRs	
36.3 CRR Specifications	
36.3.1 Quantity	
36.3.2 Term	
36.3.3 On-Peak and Off-Peak Specifications	
36.4 FNM for CRR Allocation and CRR Auction	
36.4.1 Adjustments to the FNM in Preparing the CRR FNM	
36.4.2 Simultaneous Feasibility	
36.4.3 Outages that may Affect CRR Revenue; Scheduling Requirements	
36.5 Candidate CRR Holder and CRR Holder Requirements	
36.5.1 Creditworthiness Requirements	
36.5.2 Required Training	
36.6 [Not Used]	
36.7 Bilateral CRR Transactions	
36.7.1 Transfer of CRRs	
36.7.2 Responsibility of the CAISO	
36.7.3 CRR Holder Reporting Requirement	
36.8 CRR Allocation	
36.8.1 Structure of the CRR Allocation Process	
36.8.2 Load Eligible for CRRs and Eligible CRR Sinks	
36.8.4 Eligible Sources for CRR Allocation	
36.8.5 Load Migration Between LSEs	

36.8.6 Load Forecasts Used to Calculate CRR MW Eligibility	
36.8.7 Reconfiguration of CRRs	
36.9 CRR Allocation to OBAALSEs	
36.9.1 Showing of Legitimate Need	
36.9.2 Prepayment of Wheeling Access Charge	
36.9.3 CRR Eligible Quantities	
36.9.4 Eligible CRR Sources and Sinks	
36.9.5 Priority Nomination Process	
36.10 CRR Allocation to Merchant Transmission Subsystems	
36.11 CRR Allocation to Merchant Transmission Facilities	
36.11.1 Eligibility for Merchant Transmission CRRs	
36.11.2 Procedure for Allocating Merchant Transmission CRRs	
36.11.3 CRRs Allocated to a Transmission Facility Project Sponsor	
36.12 [Not Used]	
36.13 CRR Auction	
36.13.1 Scope of the CRR Auctions	
36.13.2 Responsibilities of the CAISO Prior to Each CRR Auction	
36.13.3 CRR Holder Creditworthiness	
36.13.4 Bids in the CRR	
36.13.5 Eligible Sources and Sinks for CRR Auction	
36.13.6 Clearing of the CRR Auction	
36.13.7 Announcement of CRR Auction Results	
36.14 CRR Implications of new IBAAAs or Modifying Existing IBAAAs	
36.14.1 Coordination of IBAA Changes with Release of CRRs	
36.14.2 Modification to CRR Settlement to Reflect IBAA Changes	

36.14.3 IBAA Change Impact on Adequacy of Previously-Released CRRs	
36.15 [Not Used]	
<b>37. Rules of Conduct</b>	<p>Joint (Except for 37.2) – Section 29 applies all of the Section 37 Rules of Conduct to EIM, except Section 37.2. Thus, subsection 37.2 is not applicable and the other subsections of this Section are joint to the extent the provision applies to RTM/EIM.</p> <p>This stays the same for EDAM. Subsection 37.2 is not applicable and the other subsections of this Section are subject to joint authority to the extent the provision applies either to RTM/EIM or DAM/EDAM.</p>
37.1 Objectives, Definitions, and Scope	
37.1.1 Purpose	
37.1.2 Objectives	
37.1.3 Application of Other Remedies	
37.1.4 [Not Used]	
37.1.5 Administration	
37.2 Comply with Operating Instructions	
37.2.1 Compliance with Orders Generally	
37.2.2 [Not Used]	
37.2.3 Operations and Maintenance Practices	
37.2.4 Resource Adequacy Availability	
37.2.5 [Not Used]	
37.2.6 [Not Used]	
37.3 Submit Feasible Bids and Submissions to Self-Provide	
37.3.1 Bidding Generally	
37.3.2 Exceptions	
37.4 Comply with Available Reporting Requirements	
37.4.1 Reporting Availability	



37.4.2 Scheduling and Final Approval of Outages	
37.4.3 [Not Used]	
37.4.4 Enhancements and Exceptions	
37.5 Provide Factually Accurate Information	
37.5.1 [Not Used]	
37.5.2 Inaccurate or Late Actual SQMD	
37.6 Provide Information Required by CAISO Tariff	
37.6.1 Required Information Generally	
37.6.2 Investigation Information	
37.6.3 Audit Materials	
37.6.4 Review by FERC	
37.7 [Not Used]	
37.8 Process for Investigation and Enforcement	
37.8.1 Purpose; Scope	
37.8.2 Referrals to FERC	
37.8.3 Investigation	
37.8.4 Notice	
37.8.5 Opportunity to Present Evidence	
37.8.6 Results of Investigation	
37.8.7 Statement of Findings and Conclusions	
37.8.8 [Not Used]	
37.8.9 Record of Investigation	
37.8.10 Review of Determination	
37.9 Administration of Sanctions	
37.9.1 Assessment, Waivers and Adjustments	
37.9.2 [Not Used]	
37.9.3 Settlement	
37.9.4 Disposition of Proceeds	
37.10 Miscellaneous	
37.10.1 Time Limitation	

37.10.2 No Limitation on other Rights	
37.11 Method for Calculating Penalties	
37.11.1 Inaccurate or Late Actual SQMD Penalty	
37.11.2 Inaccurate or Actual SQMD Penalty without Recalculation Settlement Statement	
<b>38. Market Monitoring</b>	<p><u>Note:</u> Section 38 has no substantive language and instead points to Appendices O and P. See the discussion for these two Appendices below.</p> <p>This stays the same for EDAM.</p>
<b>39. Market Power Mitigation Procedures</b>	<p>Joint for Subsection 39.7 Only – Section 29 applies only subsection 39.7 to EIM, so that subsection is subject to joint authority for any requirements applicable to EIM. The rest of Section 39 is not applicable. Section 29 also establishes (in Section 29.39) additional mitigation rules that are specific to EIM, which also would be Joint.</p> <p>The EDAM policy, as stated in the Revised Straw Proposal, contemplates that there will be provisions addressing local market power mitigation, as is the case for EIM. The tariff rules establishing this mitigation process will be subject joint authority. The market power mitigation procedures that do not apply to either EIM or EDAM will continue to be N/A.</p>
39.1 Intent of CAISO Mitigation Measures; Additional FERC Filings	
39.2 Conditions for the Imposition of Mitigation Measures	
39.2.1 Conduct Inconsistent with Competitive Conduct	
39.3 Categories of Conduct that May Warrant Mitigation	

39.3.1 Conduct Regarding Bidding, Scheduling or Facility Operation	
39.3.2 Market Effects of Rules, Standards, Procedures, Other Items	
39.3.3 Using Different Prices in Other Markets as Appropriate	
39.3.4 Foregoing Category List Subject to Amendment as Appropriate	
39.4 Sanctions for Physical Withholding	
39.5 FERC-Ordered Measures	
39.6 Rules Limiting Certain Energy, AS, and RUC Bids	
39.6.1 Maximum Bid Prices	
39.7 Local Market Power Mitigation for Energy Bids	
39.7.1 Calculation of Default Energy Bids	
39.7.2 Competitive Path Designation	
39.7.3 Default Competitive Path Designations	
39.8 Eligibility for Bid Adder	
39.8.1 Bid Adder Eligibility Criteria	
39.8.2 New Generating Units	
39.8.3 Bid Adder Values	
39.9 CRR Monitoring and Affiliate Disclosure Requirements	
39.10 Mitigation of Exceptional Dispatches of Resources	
39.10.1 Measures for Resources Eligible for Supplemental Revenues	
39.10.2 Resources Not Eligible for Supplemental Revenues	
39.10.3 Eligibility for Supplemental Revenues	
39.10.4 Limitation on Supplemental Revenues	
39.10.5 Calculation of Exceptional Dispatch Supplemental Revenues	
39.11 Market Power Mitigation Applicable to Virtual Bidding	
39.11.1 Affiliate Disclosure Requirements	

39.11.2 Monitoring of Virtual Bidding Activity	
<b>40. Resource Adequacy Demonstration for all SCs in the CAISO BAA</b>	<b>N/A – applicable only to CAISO BA; Section 29 does not incorporate any rules from this section.</b>  <b>This stays the same for EDAM.</b>
40.1 Applicability	
40.1.1 [Not Used]	
40.2 Information Requirements for Resource Adequacy Programs	
40.2.1 Requirements for CPUC Load Serving Entities	
40.2.2 Non-CPUC Load Serving Entities	
40.2.3 [Not Used]	
40.2.4 Load-Following MSS	
40.3 Local Capacity Area Resource Requirements for SCs for LSEs	
40.3.1 Local Capacity Technical Study	
40.3.2 Allocation of Local Capacity	
40.3.3 Procurement of Local Capacity Area Resources by LSEs	
40.3.4 [Not Used]	
40.4 General Requirements on Resource Adequacy Resources	
40.4.1 Eligible Resources and Determination of Qualifying Capacity	
40.4.2 Net Qualifying Capacity Report	
40.4.3 General Qualifications for Supplying Net Qualifying Capacity	
40.4.4 Reductions for Testing	
40.4.5 Reductions for Performance Criteria	
40.4.6 Reductions for Deliverability	
40.4.7 Submission of Supply Plans	
40.5 [Not Used]	

40.5.1 [Not Used]	
40.5.2 [Not Used]	
40.5.3 [Not Used]	
40.5.4 [Not Used]	
40.5.5 [Not Used]	
40.6 Requirements for SCs and Resources for LSEs	
40.6.1 Day-Ahead Availability	
40.6.2 Real-Time Availability	
40.6.3 [Not Used]	
40.6.4 Availability Requirements for Resources with Operational Limitations that are not Qualified Use-Limits	
40.6.5 Additional Availability Requirements for System Resources	
40.6.6 Requirement for Partial Resource Adequacy Resources	
40.6.7 [Not Used]	
40.6.8 Use of Generated Bids	
40.6.9 Firm Liquidated Damages Contracts Requirements	
40.6.10 Exports of Energy from Resource Adequacy Capacity	
40.6.11 Curtailment of Exports in Emergency Situations	
40.6.12 Participating Load, PDRs, and RDRRs	
40.7 Compliance	
40.7.1 Other Compliance Issues	
40.7.2 Penalties for Non-Compliance	
40.8 CAISO Default Qualifying Capacity Criteria	
40.8.1 Applicability	
40.9 Resource Adequacy Availability Incentive Mechanism	
40.9.1 Introduction to RAIM	
40.9.2 Exemptions	

40.9.3 Availability Assessment	
40.9.4 Additional Rules on Calculating Monthly and Daily Average Availability	
40.9.5 Availability Standard	
40.9.6 Non-Availability Charges and Availability Incentive Payments	
40.9.7 Reporting	
40.10 Flexible RA Capacity	
40.10.1 Flexible Capacity Needs Assessment	
40.10.2 Allocation of Flexible Capacity Needs	
40.10.3 Flexible Capacity Categories	
40.10.4 Effective Flexible Capacity	
40.10.5 Flexible RA Capacity Plans	
40.10.6 Flexible RA Capacity Must-Offer Obligation	
<b>41. Procurement of RMR Resources</b>	<b>N/A – applicable only to CAISO BA; Section 29 does not incorporate any rules from this Section.</b>  <b>This stays the same for EDAM.</b>
41.1 Procurement of Reliability Must-Run Resources by the CAISO	
41.2 Designation of Resources as Reliability Must-Run Resources	
41.2.1 Formal Withdrawal Notice Applicable to Generating Units	
41.2.2 Processing Retirement/Mothball Notices	
41.3 Reliability Studies and Determination of RMR Status	
41.4 Not Used	
41.5 RMR Dispatch	
41.5.1 Day-Ahead and RTM RMR Dispatch	
41.5.2 RMR Payments	

41.5.3 Provisions of Ancillary Services and other Reliability Services	
41.6 [Not Used]	
41.7 Non-Availability Charges and Availability Incentive Payments	
41.8 Allocating Resource Adequacy Credits for RMR Designations	
41.9 Allocation of Reliability Must-Run Contract Costs	
41.9.1 [Not Used]	
<b>42. Adequacy of Facilities to Meet Applicable Reliability Criteria</b>	N/A – applicable only to CAISO BA; Section 29 does not incorporate any rules from this Section.  This stays the same for EDAM.
42.1 Generation Planning Reserve Criteria	
42.1.1 <i>No Header</i>	
42.1.2 Applicable Reliability Criteria Met in Peak Demand	
42.1.3 Applicable Reliability Criteria Not Met in Peak Demand	
42.1.4 Lowest Cost Bids Satisfying Applicable Reliability Criteria	
42.1.5 CAISO to Take Necessary Steps to Ensure Criteria Compliance	
42.1.6 Long Term Forecast for Information Purposes	
42.1.7 Reliance on Market Forces to Maximize Possible Extent	
42.1.8 Allocation of Costs Incurred by CAISO in Trading Hour to SCs	
42.1.9 Costs for Difference in Schedules and Real-Time Deviations	
42.2 Transferred Frequency Response	
42.2.1 Procurement of Transferred Frequency Response	
42.2.2 Allocation of Transferred Frequency Response Costs Incurred	
<b>43. [Not Used]</b>	

<b>43A. Capacity Procurement Mechanism</b>	N/A – applicable only to CAISO BA; Section 29 does not incorporate any rules from this Section.  This stays the same for EDAM.
43A.1 Applicability	
43A.2 Capacity Procurement Mechanism Designation	
43A.2.1 SC Failure to Show Sufficient Local Capacity Area Resources	
43A.2.2 Collective Deficiency in Local Capacity Area Resources	
43A.2.3 SC Failure to Show Sufficient Resource Adequacy Resources	
43A.2.4 CPM Significant Events	
43A.2.5 Exceptional Dispatch CPM	
43A.2.6 [Not Used]	
43A.2.7 Cumulative Deficiency in Flexible RA Capacity	
43A.3 Terms of CPM Designation	
43A.3.1 SC Annual Plan Failure to Show Local Capacity Area Resources	
43A.3.2 SC Month Plan Failure to Show Local Capacity Area Resources	
43A.3.3 Annual Plan Collective LCA Resources Insufficient	
43A.3.4 SC Failure to Show Sufficient Resource Adequacy Resources	
43A.3.5 Term – CPM Significant Event	
43A.3.6 Term – Exceptional Dispatch CPM	
43A.3.7 [Not Used]	
43A.3.8 Term – Flexible Capacity CPM Designation	
43A.4 Selection of Eligible Capacity Under the CPM through Competitive Solicitation Processes (CSP) and General Eligibility Rules	
43A.4.1 Offer Rules to the CSPs	



43A.4.2 Administering the CSPs	
43A.4.3 Designation Amount.	
43A.5 Obligations of a Resource Designated Under the CPM	
43A.5.1 Availability Obligations.	
43A.5.2 Obligation to Provide Capacity and Termination	
43A.5.3 Availability Obligations for Simultaneous Designations.	
43A.5.4 Individualized Non-Availability Charges and Availability Incentive Payments	
43A.6 Reports	
43A.6.1 CPM Designation Market Notice	
43A.6.2 Designation of a Resource Under the CPM	
43A.6.3 Non-Market and Repeated Market Commitment of Non-RA Capacity	
43A.6.4 Publication of Offers Submitted to the Competitive Solicitation Process	
43A.7 Payments to Capacity Designated Under the CPM	
43A.7.1 Calculation of Monthly CPM Capacity Payment	
43A.7.2 Payments for Overlapping CPM Designations to the Same Resource	
43A.7.3 Market Payments	
43A.8 Allocation of CPM Capacity Payment Costs	
43A.8.1 LSE Shortage of Local Capacity Area Resources in Annual Plan	
43A.8.2 LSE Shortage of Local Capacity Area Resources in Month Plan	
43A.8.3 Collective Deficiency in Local Capacity Area Resources	
43A.8.4 LSE Shortage of Demand or Reserve Margin Requirement in Plan	
43A.8.5 Allocation of CPM Significant Event Costs	

43A.8.6 Allocation of Exceptional Dispatch CPMs	
43A.8.7 [Not Used]	
43A.8.8 Allocation of Flexible Capacity CPM Costs	
43A.9 Crediting of CPM Capacity	
43A.10 [Not Used]	
<b>44. Flexible Ramping Product</b>	<p>Joint – Section 29 applies this Section to EIM and thus it is subject to joint authority.</p> <p>This stays the same for EDAM.</p>
44.1 In General.	
44.2 Uncertainty Awards	
44.2.1 Optimization.	
44.2.2 Variable Energy Resources.	
44.2.3 Eligibility for Uncertainty Award.	
44.2.4 Determination of Uncertainty Requirement.	
44.3 Forecasted Movement	
44.3.1 Generally.	
44.3.2 RTD Forecasted Movement.	
44.3.3 FMM Forecasted Movement.	
<b>Appendix A Master Definition Supplement</b>	<p>Partially Joint – This Appendix defines all capitalized terms that appear in the Tariff. The definitions for all terms that apply to EIM would be Joint.</p> <p>Same approach for EDAM. The definitions for all terms that apply to EDAM would also be subject to joint authority.</p>
<b>Appendix B Pro Forma Agreements</b>	<p>Mostly N/A, because most of the pro-forma agreements apply only to the CAISO BA. The pro-forma agreements that apply to EIM would be subject to joint authority. They are identified below.</p>

	Any new agreements required for EDAM participation would be subject to joint authority.
Appendix B.1 Scheduling Coordinator Agreement	
Appendix B.2 Participating Generator Agreement	
Appendix B.3 Net Schedule Participating Generator Agreement	
Appendix B.4 Participating Load Agreement	
Appendix B.5 Dynamic Scheduling Agreement for Scheduling Coordinators	
Appendix B.6 MSA for Metered Entities (MSA CAISOME)	
Appendix B.7 Meter Service Agreement for Scheduling Coordinators	Joint
Appendix B.8 Utility Distribution Company Operating Agreement (UDCOA)	
Appendix B.9 Dynamic Scheduling Host Balancing Authority Operating Agreement (DSHBAOA)	
Appendix B.10 Small Utility Distribution Company Operating Agreement (SUDCOA)	
Appendix B.11 Congestion Revenue Rights (CRR) Entity Agreement	
Appendix B.12 Metered Subsystem (MSS) Entity Agent Agreement	
Appendix B.13 Resource-Specific System Resource Agreement	
Appendix B.14 Demand Response Provider Agreement (DRPA)	
Appendix B.15 Convergence Bidding Entity Agreement (CEBA)	
Appendix B.16 Pseudo-Tie Participating Generator Agreement (PPGA)	
Appendix B.17 Energy Imbalance Market Entity Agreement (EIMIA)	Joint
Appendix B.18 Energy Imbalance Market Scheduling Coordinator Agreement (EIMSCA)	Joint
Appendix B.19 Energy Imbalance Market Participating Resource Agreement (EIMPRA)	Joint

Appendix B. 20 Energy Imbalance Market Participating Resource Scheduling Coordinator Agreement (EIMPRSCA)	Joint
Appendix B.21 Distributed Energy Resource Provider Agreement (DERPA)	
Appendix B.22 Reliability Coordinator Services Agreement (RCSA)	
<b>Appendix C</b> Locational Marginal Price	Partially Joint – The LMP provisions that apply to EIM prices are Joint. The rest of the provisions in this Appendix are N/A.  The same approach will apply for EDAM, meaning that any provisions that apply to EDAM will also be subject to joint authority.
<b>Appendix D</b> Black Start Generating Units	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix E</b> Submitted Ancillary Services Data Verification	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix F</b> Rate Schedules	N/A – EIM market participants are not charged these rates. They instead pay an EIM administrative charge that is calculated under the rules set forth in Section 29.11(i), which is subject to joint authority.  Under EDAM, there will be an EDAM administrative charge that will be calculated as set forth in the new Section 33 for EDAM rules. This provision will be subject to joint authority. The rules in Appendix F will remain N/A.
<b>Appendix G</b> Pro Forma Reliability Must-Run Contract	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix H</b> Legacy Reliability Must-Run Contract CAISO Tariff Provisions	N/A – applies only to CAISO BA  This stays the same for EDAM.

<b>Appendix I</b> Station Power Protocol	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix J</b> Grandfathered Standard Capacity Product Provisions	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix K</b> Ancillary Service Requirements Protocol (ASRP)	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix L</b> Method to Assess Available Transfer Capability	N/A – applies only to CAISO Controlled Grid/BA  This stays the same for EDAM.
<b>Appendix M</b> Dynamic Scheduling Protocol (DSP)	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix N</b> Pseudo-Tie Protocols	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix O</b> CAISO Market Surveillance Committee	N/A because these are not market rules. If the straw proposal to change how MSC members are appointed is adopted, then Section 4.4 of Appendix O would amended and that provision would become subject to joint authority.  This stays the same for EDAM. Note that the rule for how MSC members are appointed was added to the Charter for EIM Governance rather than the tariff. Thus, the reference to Section 4.4 above is inapplicable.
<b>Appendix P</b> CAISO Department of Market Monitoring	N/A because these are not market rules and generally are dictated by FERC regulations governing market monitoring.  This stays the same for EDAM.

<b>Appendix Q</b> Eligible Intermittent Resource Protocol (EIRP)	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix R</b> [Not Used]	N/A
<b>Appendix S</b> Small Generator Interconnection Procedures (SGIP)	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix T</b> Small Generator Interconnection Agreement (SGIA) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix U</b> Large Generator Interconnection Procedures (LGIP)	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix V</b> Large Generator Interconnection Agreement (LGIA) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix W</b> Amendment No. 39 Interconnection Procedures	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix X</b> Approved Project Sponsor Agreement (APSA) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix Y</b> Generator Interconnection Procedures (GIP) for Interconnection Requests	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix Z</b> Large Generator Interconnection Agreement for Interconnection Requests Process Under the Generator Interconnection Procedures	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.

<b>Appendix AA</b> Grandfathered Resource Adequacy Provisions for February 2018 to March 2018	N/A – applies only to CAISO BA  This stays the same for EDAM.
<b>Appendix BB</b> Standard Large Generator Interconnection Agreement (LGIA) for Interconnection Requests in a Serial Study Group <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix CC</b> Large Generator Interconnection Agreement (LGIA) for Interconnection Requests in a Queue Cluster Window <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix DD</b> Generator Interconnection and Deliverability Allocation Procedures (GIDAP)	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix EE</b> Large Generator Interconnection Agreement (LGIA) for Interconnection Requests Processed Under the Generator Interconnection and Deliverability Allocation Procedures (GIDAP) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix FF</b> Small Generator Interconnection Agreement (SGIA) for Interconnection Requests Processed Under the Generator Interconnection and Deliverability Allocation Procedures (GIDAP) <i>pro forma</i>	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix GG</b> [Not Used]	N/A
<b>Appendix HH</b> Generator Interconnection Agreement Amendment Regarding Downsizing	N/A – applies only to CAISO Controlled Grid  This stays the same for EDAM.
<b>Appendix II</b> Market-Based Rate Authority Suspension	N/A – applies only to CAISO BA  This stays the same for EDAM.