

APPENDIX A

RA Year-Ahead Filing Guide and Cover Letter and MCC Errata

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



December 21, 2005

All Load Serving Entities (LSEs)

Re: Guidance to all Load-Serving Entities (LSEs) Regarding the Upcoming January 27, 2006 Resource Adequacy Requirement Compliance Filings.

The enclosed materials provide guidance to all LSEs on issues related to the upcoming January 27, 2006 Resource Adequacy Requirement compliance filings. These filings should be filed with the CPUC Energy Division via advice letter, in compliance with D.05-10-042 in R.04-04-003.

Energy Division, and CEC collaborative staff, in consultation with interested parties have assembled the following enclosed materials regarding the January 27th year-ahead RAR filings:

- Resource Adequacy (RA) Guide (and this cover letter) in MS-Word #216682-v4;
- Reporting Template Spreadsheet and Instructions in MS-Excel #217268-v1;
- Liquidated Damages (LD) Contract Baseline Table in MS-Excel #217187-v1;
- Maximum Cumulative Contribution (MCC) Percentages Table and Calculations in MS-Excel #215186-v2.

On December 13, 2005, Energy Division staff issued an "Initial Workshop Summary of Agreements, and Proposals for Further Consideration." This initial workshop summary was an outcome of the December 9, 2005 Workshop on the RAR 90% Compliance Showings required by D.05-10-042 / R.04-04-003. Prior to the workshop on December 7, 2005, Energy Division circulated, via email to the R.04-04-003 service list, a Straw Proposal that essentially consisted of draft versions of the definitive materials now provided.

Due to the holidays, and because the compliance demonstration deadline is quickly approaching, the Intertie Allocation process described in the enclosed RA Guide is necessarily very compressed for 2006. That process, at Step 2, allows LSEs to trade portions of their load share for use in the allocation. To facilitate that step, each LSE should email the contact information for their trading representative(s) by December 27, 2005 to the Energy Division staff shown below. Energy Division will then email this contact information to each LSE so that LSEs can easily contact potential counterparties to the extent they are interested in trading load share.

For questions about the enclosed materials or about the upcoming January 27, 2006 RAR compliance filings, please contact Robert Strauss at RLS@cpuc.ca.gov or (415) 703-5289, or Wade McCartney at wsm@cpuc.ca.gov or 916-324-9010.

Sincerely,

Sean Gallagher
Director
CPUC Energy Division

Enclosures (4 electronic files including this cover letter)

Cc: Commissioners
Steve Larson, CPUC Executive Director;
Grant Rosenblum, Phil Pettingill, Keith Johnson, CAISO;
Mike Jaske, CEC;
Via email to the R.04-04-003 Service List;
Via email to 12/09/2005 RAR workshop attendees.

Resource Adequacy (RA) Guide

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1. Maximum Cumulative Contribution (MCC) Percentages Computational Method

As a result of the workshop process, there was majority (if not unanimous) agreement on the following Maximum Cumulative Contribution (MCC) Percentages Computational Method, which is integral to implementation of the Top-Down Mirant methodology adopted in D.05-10-042. The Energy Division’s Straw Proposal, Table 1 spreadsheet has been updated to reflect the following:

1. **Peak Load-Hour Data.** Energy Division obtained peak load-hour data¹ from the CAISO for each summer month (May through Sept) for 2003, 2004, and 2005. A three-year average load duration curve is then computed as the simple average of the ranked ordered hourly loads for each respective month for all 15 months (May 2003 - Sept 2005), as described in the Initial Workshop Summary of 12/13/2005.

2. **Category Hours:**
 - o Category 1 – 84 hours (5x4)
 - o Category 2 – 171 hours (5x8)

¹ Energy Division originally obtained hourly system load data from the CAISO OASIS website for these same time periods, but later learned that the publicly available System Load data on the OASIS website is not necessarily the peak load hour for each hour of a given month but is, instead, a snapshot of system load during each particular hour. Energy Division later determined that the more accurate peak-hour load data did not significantly change the three-year average values, and it did not change the resulting MCC percentages as shown here in the RA Guide.

- Category 3 – 415 hours (6x16)

The actual MCC Percentages that apply to the Summer 2006 months are shown here:

SUMMER 2006	
RESOURCE CATEGORY	MCC PERCENTAGES
Category #1	11.3%
Category #2 (Sum of 1, 2)	16.4%
Category #3 (Sum of 1, 2, 3)	28.8%
Category #4 (Sum of 1,2,3,4)	100.0%

The actual calculations of these MCC percentages are attached to the RA guide as Appendix A.

2. Eligibility For A Resource To Be Classified In A One Of The Four Resource Categories (Or Buckets)

Eligibility for a Resource to be Classified within one of the four Resource Categories or Buckets	
Category	Consensus Agreement
1	<p>Resources may be categorized into one of the four categories shown below, according to their planned availability as expressed in hours available to run or operate per month (hours/month):</p> <p>“Greater than or equal to” the ULR [use limited resource] monthly hours as shown in the Phase 1 Workshop Report, Table “Number Hours ISO Load Greater than 90% of the Monthly Peak,” p.24-25, last line of table, titled “RA Obligation,” http://www.cpuc.ca.gov/word_pdf/REPORT/37456.pdf</p> <p>These ULR hours for May through September are, respectively: 30, 40, 40, 60, and 40, which total 210 hour and have been referred to as “the 210 hours.”</p>
2	“Greater than or equal to” 160 hours per month.
3	“Greater than or equal to” 384 hours per month.
4	All Hours (planned availability is unrestricted)

3. Demand Response (DR) Resources Shall Be ‘Taken Off The Top’

Dispatchable Demand Response (DR) resources shall be ‘taken off the top’ and assigned to a separate, un-numbered DR resource category or bucket that will not have a maximum cumulative contribution (MCC) percentage. The amount of capacity (MW) in the DR bucket will credited toward an LSE’s RA obligation. For example, if LSE-ABC has a 1,000 MW RA obligation in June 2006, and LSE-ABC shows 100 MW of DR resources in the DR bucket, LSE-ABC’s remaining obligation is 900 MW, which must be met with an acceptable combination of Category 1, 2, 3, and 4 resources in compliance with MCC percentages.

Non-dispatchable demand response resources are considered as a reduction in demand and were included in the forecast load calculations distributed by the CEC in November. Therefore, they are not included in this showing other than through the calculation of the RA obligation .

4. Scheduled Outages

For resource adequacy (RA) counting purposes, LSEs should use the following scheduled outage criteria. Once the CAISO approves an LSE schedule, if the LSE changes the outage schedule, the LSE will be responsible for procuring a replacement for the resource taken offline, within the constraints of the program. However, if the CAISO changes the schedule, the LSE will not be held responsible for replacement procurement.

Schedule Outages	
Time Period	Description of How Resource Would Count
Summer May through September	Any month where days of scheduled outages exceed 25% of days in the month, the resource does not count for RA. If scheduled outages are less than or equal to 25% the resource does count for RA.
Non-Summer Months October through April	For scheduled outages less than 1 week, the resource counts for RA. For scheduled outages 1 week to 2 weeks, the amount counted for RA is prorated using the formula: $[1 - (\text{days of scheduled outage}/\text{days in month}) + 0.25] * \text{MW} = \text{RA}$ The formula will allow resources to count between 50% and 25%. For scheduled outages over 2 weeks, the resource does not count for RA.

5. Allocation of Reliability Must Run (RMR) Units

Allocation of RMR Condition 1 Units. RMR Condition 1 units are not to be allocated for RA purposes. If an LSE enters into a separate RA contract with an RMR condition 1 unit, it is counted as any other physical resource.

Allocation of RMR Condition 2 Units. RMR Condition 2 units should be allocated as follows:

For each LSE, the CEC/PUC will calculate the LSE share of each IOU transmission service area annual peak (based on the CEC's forecasts). These share percentages should total 100% in each IOU service area; to arrive at that total some adjustments may be required to account for issues such as coincidence. The CEC/PUC will apply the annual share percentages in each IOU transmission service area against total RMR Condition 2 MWs in that respective IOU transmission service area to allocate RMR Condition 2 MWs.

The CEC/PUC will then distribute to each LSE the total of its RMR Condition 2 allocation for use in the 2006 demonstrations. All information in this process will remain confidential because the underlying RMR capacity contracts are confidential.

RMR Condition 2 capacity allocated to LSE's must be regularly adjusted to reflect conversion to RMR Condition 1 status. Any reductions in RMR Condition 2 available resources that occur 80 days or more before an affected month shall cause a recalculation of the LSE's RMR Condition 2 allocation. LSE's shall be informed 75 days before the affected month. LSE must adjust their RA resources to ensure their monthly showing meets the 100% RA obligation using the revised RMR Condition 2 allocation. Changes that occur less than 80 days before the affected month will not cause a change in RMR Condition 2 counting for RA.

6. Intertie Capacity Allocation Process

The following intertie allocation process establishes the initial allocations of all intertie transmission paths² consistent with D 05-10-042. The decision also includes language that prohibits the re-trading or reselling of allocations, subsequent to the initial allocation of intertie capacity (D.05-10-042, p.56). This prohibition was discussed at the December 09, 2005 workshop and parties generally agreed that: (1) the prohibition on re-trading and reselling should be removed to optimize the intertie capacity; (2) removing that prohibition would require a petition to modify D.05-10-042. On December 19th, 2005 PG&E filed a petition to modify D.05-10-042 asking that reselling and re-trading after the conclusion of this initial allocation process be allowed. Should the Commission approve PG&E's petition, this process for initial allocations would not be affected but parties would then be allowed to resell or retrade their initial allocations as needed.

² The intertie transmission paths described in this process are transmission paths into the CAISO control area for resource adequacy (RA) demonstration purposes only. These are not physical firm transmission rights (FTRs).

LSEs should use the following Intertie Capacity Allocation Process to establish their initial RA allocations of inter-CAISO control area transmission path capacity.

Intertie Capacity Allocation Process

Preamble: The total amount of transmission import capability (TIC) available to be allocated to CPUC-jurisdictional LSEs for the 2006 RA showing is 8,482 MW. This amount is derived by subtracting the TIC of non-CPUC jurisdictional Participating Transmission Owners (PTOs) of 957 MW from the 9,439 MW set forth in the CAISO's "Motion Of The California Independent System Operator Corporation To Augment The Record Regarding Resource Adequacy Phase 2," dated September 23, 2005 (September Motion), and filed under R.04-04-003.

This modification to the TIC in the September Motion was required to account for the import needs of non-CPUC jurisdictional PTOs in the CAISO Control Area. The 9,439 MW reflected in the September Motion constitutes the import capacity into the CAISO Control Area that is simultaneously feasible under the conditions studied after accounting for Existing Transmission Contracts (ETCs). However, non-CPUC jurisdictional entities without ETCs also utilized import capacity. Accordingly, the entire 9,439 MW cannot be allocated to CPUC jurisdictional entities without compromising the conclusion of the CAISO's baseline deliverability study. Similar to the CPUC's decision to grant existing contractual arrangements import priority, the CAISO has determined the quantity of capacity assigned to non-CPUC jurisdictional entities based on existing resource commitments.

Further, at the present time, in order to prevent any claims against the CAISO of disclosing confidential information, Table 1 from the September Motion will not be updated at this time. In other words, the CAISO is not providing new branch group information to reflect the impact on specific branch group capability of non-CPUC jurisdictional PTOs contractual usage. Table 1 remains an adequate approximation that can be used by CPUC jurisdictional entities to facilitate assigning their Accounting Credits for Import Capacity by branch group.

Step 1: Each LSE determines its allocation of available statewide import capability, which is 8,482 MW, based on its share of the coincident system peak. Each LSE also determines its Intertie Load Share of each intertie by applying the same share to the list of intertie ratings provided in Table 1.

Completion Date: Each LSE completes by COB, December 28, 2005

Discussion: For the month in which the system peak is forecast to occur, each LSE will use its CEC-adjusted peak load (calculated in accordance with Section 6.2 of the RA decision) and the corresponding system peak to calculate its own Total Load Share allocation. For 2006, according to the CEC forecast information the peak month used for this calculation is August. The LSE will provide its calculation to the CAISO for its review in Step 2 or Step 3, as applicable. Total Load Share determines (1) the total amount of ACIC the LSE may receive, and (2) the LSE's initial Intertie Load Share.

Step 2a. The LSE can trade some or all of its Total Load Share to another LSE and notify the CAISO it has done so. Trades may be done on a percentage of load share or MW basis.

Completion Date: LSEs must notify the CAISO in writing of any trades of allocated Total Load Share by COB, January 4, 2005

Discussion: The LSE has a short period of time to make a trade and notify the CAISO in writing. The CAISO will only accept the trade if both LSEs involved in the trade each verify, in writing, the same quantity of the trade (MW). The Total Load Share, after trading, sets the basis for each LSE's Intertie Load Share and the total amount of ACIC an LSE is eligible to receive.³

Step 2b. The LSE can trade some or all of its allotted Intertie Load Share to another LSE and notify the CAISO it has done so. Trades take place on an intertie specific basis. No more trades can be made after this point.

Completion Date: LSEs must notify the CAISO in writing of any trades of allocated Intertie Load Share by COB, January 4, 2005

Discussion: The LSE has a short period of time to make a trade and notify the CAISO in writing. The CAISO will only accept the trade if both LSEs involved in the trade each verify, in writing, the same quantity (MW) and import path of the trade⁴. All trades are tracked and registered at the CAISO. The CAISO will not permit trades that violate the rules noted above.

Step 2c. LSEs must respond to the Transmission Import Capacity Data Request, as set forth in this RA Guide, which will also be distributed by the CAISO as a Market Notice.

Completion Date: LSEs must respond by COB, January 4, 2005

Step 3. Each LSE decides how to divide up its allocation and then submits a Accounting Credits for Import Capacity (ACIC) request to the CAISO for the amount of intertie capacity it desires for a given intertie path, including information on existing resource contracts that is has that utilize intertie capacity (for evergreen priority).⁵

³ For example, assume after Step 1 LSE1 has a Total Load Share of 7% and LSE3 had a Total Load Share of 8%. Without trading LSE1 would be entitled to a total ACIC of $9,439 * 7\% = 660.7\text{MW}$ and LSE3 would be entitled to a total ACIC of $9,439 * 8\% = 755.1$. Assume now that LSE1 trades to acquire .5% Total Load Share from LSE3. As a result of the trade LSE1 increases its Total Load Share to 7.5% and LSE3 reduced its Total Load Share by .5% to 7.5%. Thus as a result of Total Load Share trading, LSE1 and LSE3 wind up 7.5% Total Load Share and both LSEs are eligible for 660.7MW of ACIC. Each LSE also has 7.5% Intertie Load Share on each intertie.

⁴ For example, assume per Step 1 LSE1 has a Total Load Share of 7.5%. As a result, its Intertie Load Share percentage on every intertie is 7.5%. For any intertie path, LSE1 can trade any portion of its 7.5% Load Share to any eligible LSE. If LSE1 trades away Load Share on a given intertie and then requests ACIC, it will receive a pro-rata ACIC allocation based only on its remaining Load Share (i.e. the Load Share left after its trade) if the line is over subscribed.

⁵ LSEs that have been allocated DWR contracts originating outside the CAISO's control area would submit those contracts as well for ever-greening priority.

Completion Date: LSE requests submitted by COB, January 6, 2005.

Discussion: Each LSE submits its request to the CAISO for megawatt amounts on specific intertie paths. The sum of the megawatt requests may not exceed the LSE's total eligible allocation MW quantity received in Step 2a. LSEs with "evergreen" contracts must submit documentation to the CAISO to get their priority allocation.⁶ Required documentation is copies of contracts (with prices redacted) that show the source, delivery point and contract term. For DWR contracts that contain seller's choice provisions, that documentation may also include historical deliveries used to determine the intertie path normally used; however the total capacity of these contracts would be allocated to paths even if it was not fully utilized in the historic period. The current CPUC RA confidentiality rules apply to these filings.

Step 4. The CAISO adds up the LSE ACIC requests for each intertie path and determines if any intertie paths have been over-requested. For each path that has been over-requested by LSEs, the CAISO will allocate ACIC to LSEs with "evergreen" contract priority based on documentation submitted by those LSEs. Any remaining ACIC after the evergreen priority has been utilized will be allocated to LSEs based on their "load share percentage". The CAISO will notify each LSE how much of its ACIC request for each path has been accepted. The CAISO will post on its web site the intertie paths that have unassigned megawatts available. The CAISO will also post the total megawatts requested by LSEs that were rejected.

Completion Date: LSEs notified and web postings made by COB, January 9, 2006.

Discussion: The CAISO determines if the LSE requests, in aggregate, exceed the allocatable capacity of a given intertie path. The CAISO shall not perform any additional technical analysis (i.e. powerflow studies).

The phrase "Intertie Load Share" percentage used in the decision refers to the share each LSE was allocated in Step 1 and Step 2a, plus or minus any allocation gained/lost in Step 2b, on a intertie specific basis. For example assume the CAISO determines that after Step 2b LSE1 has an Intertie Load Share percentage of 5% on a specific intertie, and that LSE2 has an Intertie Load Share percentage of 10% on that same intertie⁷. Assume also that after allocating MWs to the evergreen contracts, the line is over-requested and has a total of 100 MW still available for allocation. LSE1 would receive $5\% / (10\% + 5\%) * 100\text{MW} =$

⁶ The CPUC should consider if some form of aggregate, intertie specific information on evergreened contracts should be released. It is envisioned that once an evergreen contracts expires, the associated intertie capacity would become available for new ACIC requests. Information concerning contract expiration dates and quantities, on an intertie specific basis, might assist parties in their planning if they knew when and where additional ACIC would likely become available.

⁷ To illustrate the impact of trading Intertie Load Share, consider the case where after Step 1 and Step 2a, LSE1 and LSE2 had original Intertie Load Shares of 7.5%. To achieve the result in the main text, LSE1 trades 2.5% to LSE2 such that LSE1 has a remaining Intertie Load Share of 5% and LSE2 has a resulting Intertie Load Share of 10% on this specific intertie. (Assuming no other trading, LSE1 and LSE2 continue to have 7.5% Intertie Load Shares on all remaining interties.) The Intertie Load Share trade only comes in to play if the line is oversubscribed, in which case LSE2 will receive a larger ACIC allocation and LSE1 will receive a smaller allocation, per the example in the main text, as a result of the trade.

33.3MW, and LSE2 would receive $10\%/(10\%+5\%)*100\text{MW} = 66.7\text{MW}$ on this intertie. In no case would LSE1 or LSE2 receive more than their original intertie request⁸. After completing this calculation for every path that has been over-requested, the CAISO will tally the results for each LSE and notify each LSE accordingly. The CAISO will also calculate which intertie paths have unassigned megawatts and post the total available megawatts for each path on its web site, as well as the total megawatts requested by LSEs that were unassigned.

Step 5. If a LSE had some or all of its requests rejected by the CAISO, that LSE may submit new requests for intertie paths with unassigned capacity.

Completion Date: LSE requests submitted by COB, January 11, 2006.
(2 business days after Step 4)

Discussion: This step is added to provide LSE's a "second chance" at fully utilizing their allocated import capacity based on the results of the first intertie allocation round (Step 2a). A LSE is only able to submit requests for the intertie paths with unassigned capacity and for a megawatt amount that, when added to the intertie capacity it was allocated in Step 4, does not exceed its eligible allocation quantity from Step 2a.

Step 6. The CAISO adds up the LSE requests for each intertie path with unassigned capacity and determines the extent to which each LSE's request can be accommodated. If a particular intertie path is over-requested, the CAISO will distribute the available megawatts to the LSEs based on their Load Share percentage. If any intertie capacity still remains unassigned on any path, it will be redistributed to the LSEs with unassigned allocations based on their load share percentages on each path. At the completion of this step, all intertie capacity should be assigned.

Completion Date: CAISO notifies LSEs by COB, January 13, 2006

Discussion: This should be a simple calculation and pro-rata allocation if a particular intertie path with unassigned capacity after Step 4 is over-requested. This additional distribution will ensure that all the allocations made in Step 1 (as modified in Step 2) will, in fact, be able to be allocated to the LSEs.

(End Intertie Allocation Process)

⁸ For example, if LSE1 originally requested 30MW, and LSE2 requested 75MW, after the pro-rata allocation LSE1 would receive only 30MW (its full request rather than the 33.3MW pro-rate share) and LSE2 would receive $66.7+3.3=71\text{MW}$ of ACIC.

7. Resource Adequacy (RA) Portfolios

Energy Division has determined that the RA compliance process can accommodate the use of Resource Adequacy (RA) Portfolios, which are plant-specific RA contracts, not unit-specific RA contracts. For example, in a year-ahead compliance filing, LSE-ABC may want to enter into an RA contract with a generator for 200 MW to be provided by any one of three units at the Acme Power Plant, as opposed to a specific unit.

For purposes of the year-ahead 90% compliance filings only, RA portfolios are acceptable, subject to the following conditions:

1. The portfolio must be eliminated and converted to specific units in the month-ahead RA showing.
2. Any portfolio must be unique and the units behind that portfolio must be specified, communicated to the CAISO/CPUC, and not allowed to change.
3. The portfolio may not have total capacity greater than the summed Qualifying Capacity of the individual units.
4. Portfolio may only be comprised of units served by the same busbar.
5. All units are located in the CAISO control area.

8. Liquidated Damages (LD) Contracts

In order to be counted for the RA annual filing liquidated damage (LD) contracts must comply with the following rules:

1. No LD contract entered into after 10/27/05 can be used for RA purposes.
2. LD contracts entered into on or before 10/27/05 can not be modified to increase the number of MW or the duration of the contract for RA purposes.
3. For 2006, the maximum amount of LD contracts that may be included in an LSE's RA portfolio is 75%. For example, if LSE-1's total RA filing requirement is 1,000 MW, then LSE-1 cannot count more than 750 MW of LD contracts towards its RA filing requirement.

In addition, the Energy Division requires a showing of all existing LD contracts in sufficient detail to ensure compliance with program requirements. The LD template is required to be completed by all LSEs. LSE's allocations of existing LD contracts counting toward Resource Adequacy will be based on this showing and verification checks. Failure to complete the template may result in a zero crediting of LD contracts toward an LSE's Resource Adequacy requirement.

9. Transmission Import Capability Data Request

The following section of the RA Guide will also be served as a Market Notice by the CAISO on the same day this RA Guide is issued by the CPUC Energy Division.

All Load Serving Entities (LSEs)⁹ in the CAISO Control Area are asked to provide information to facilitate the allocation of Transmission Import Capability (TIC). The TIC is established by the CAISO's Baseline Deliverability assessment for each Resource Adequacy Branch Group as adopted by the California Public Utilities Commission. Specifically, this information request addresses: (1) existing firm import contracts¹⁰ that have been signed with suppliers of capacity and/or energy prior to October 27, 2005, (2) certain Department of Water Resources (DWR) contracts assigned to the Investor Owned Utilities, and (3) other Firm Liquidated Damages (LD) contracts.¹¹ Information related to Resource Contracts that are scheduled into the ISO Control area using Existing Transmission Contract capacity do not need to be provided.

Information Format Requirements

LSEs are asked to submit the required information on the corresponding sample templates provided below. Some of the information requested is categorical, and some is numeric, but several topics are primarily descriptive in nature. A separate form will be needed for each contract. Templates 1 and 2 request general contract and/or resource information.

Contracts Covered By This Request

For each and every firm import contract that specifies a supply of energy or capacity that must be imported across the CAISO Control Area Boundary, and DWR seller's choice contracts and LD contracts that have historically been imported across the CAISO Control Area Boundary, LSEs must provide the information described below and shown on the corresponding form below.¹²

Supplier

Name the contracted supplier/producer of energy and/or capacity according to the contract. This entity is sometimes called the counterparty to the contract.

Start Date

State the initial delivery date of the product(s) being purchased.

Expiration Date

⁹ Load Serving Entities or LSEs means an electrical corporation, electric service provider or community choice aggregator.

¹⁰ Firm import contracts are defined as import contracts that satisfy the requirements for resource adequacy import resources set forth in CPUC Decisions 04-10-035 and 05-10-042.

¹¹ Firm LD contracts for purposes of this data request are defined by section 7.4 of D.05-10-042.

¹² SCE, PG&E, Constellation, Sempra, and SDG&E, all provided Import Contract information to the CAISO on August 15, 2005 for a Supplemental Deliverability Study. However, contracts signed between January 1, 2005 and August 27, 2005, DWR seller's choice contracts, and Firm LD contracts were not requested at that time and were not provided. For these entities, only information related to contracts signed between January 1, 2005 and August 27, 2005, CDWR sellers choice contracts, and Firm LD Contracts need to be provided.

Provide the date for final delivery of the product(s) being purchased. If this date is contingent upon future actions by parties to the contract, market conditions, this should be explained in notes appended to the form. Information regarding the ability of one party to unilaterally terminate the contract after its inception should be entered under Performance Requirements and Termination/Extension Clauses and Rights or in notes appended to the form.

Qualifying Capacity (MW)

List the Qualifying Capacity during summer annual super-peak load conditions, as defined by the CPUC resource adequacy requirements.

Availability

Please identify provisions of the contract that describe the use of the qualifying capacity during system peak conditions.

Branch Group/Delivery Points

Name the CAISO Branch Group that the contract capacity or energy was most frequently scheduled across in Summer 2004. Name the point(s) at which energy can be delivered (*e.g.*, NP15, Malin, Lugo substation). If multiple points, indicate whether buyer or seller has option.

TEMPLATE 1
Resource Adequacy Transmission Import Capability Allocation
Existing Firm Import Energy and Capacity Contract Information
California ISO

Filing LSE:	
Date:	
Contact:	
Contact Number:	
Supplier	
Start Date	
Expiration Date	
Qualifying Capacity (MW)	
Availability	
Branch Group/Delivery Points	

Resource Adequacy Transmission Import Capability Allocation
Existing Utility Owned Generation Resources Located Outside of the CAISO Control Area

All LSEs, as defined above, in the CAISO Control Area¹³ are asked to provide data on existing LSE owned generation resources that are located outside of the CAISO Control Area.

Specific types of information requested from LSEs are described below. These information categories correspond to those shown on the corresponding form below.

Generating Resource Name

Enter the project name.

Qualifying Capacity (MW)

List the Qualifying Capacity during summer annual superpeak load conditions, as defined by the CPUC resource adequacy requirements.

Branch Group

Name the ISO Branch Group that the utility owned generation energy was most frequently scheduled across in Summer 2004.

¹³ SCE, PG&E, Constellation, Sempra, and SDG&E all provided resource information to the CAISO on August 15, 2005 for a Supplemental Deliverability Study. For these entities, only information related to resources acquired between January 1, 2005 and August 27, 2005 needs to be provided.

TEMPLATE 2

**Resource Adequacy Transmission Import Capability Allocation
Existing Utility Owned Generation Resources Located Outside of the CAISO Control Area**

Filing LSE:		
Date:		
Contact Name:		
Contact Number:		
Generating Resource Name	Qualified Capacity	Branch Group

10. Certification For LSE Resource Adequacy Compliance Filing

All LSE Resource Adequacy (RA) compliance showings shall be filed under the following certification.

Consistent with Rules 1 and 2.4 of the CPUC's Rules of Practice and Procedure, this resource adequacy compliance filing has been verified by an officer of the corporation, who shall expressly certify, under penalty of perjury, the following:

1. I have responsibility for the activities reflected in this filing;
2. I have reviewed this compliance filing;
3. Based on my knowledge, this filing does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made;
4. Based on my knowledge, this [filing] contains all of the information required to be provided by CPUC orders, rules, and regulations.

The actual certification page to be completed and signed is contained as a separate tab in each of the template workbooks.

11. RA Filings Instructions

CPUC Energy Division 505 Van Ness Avenue 4 th Floor San Francisco, CA 94102 Attn: Tariff Room (RAR Filing)	California Energy Commission 1516 Ninth Street Sacramento, CA 95814 Attn: Mike Jaske (RAR Filing)	California Independent System Operator 151 Blue Ravine Road Folsom, CA 95630 Attn: RAR Filing
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January 27, 2006 RA Filing

File with the CPUC by Advice Letter:

1. Completed RA Reporting Workbook for June, July, August and September 2006;
2. Completed LD Contracts Workbook;

The filing must include hardcopies and a CD containing electronic filings of each workbook. Each workbook must include a certification signed by an officer of the corporation.

How To File An Advice Letter with the CPUC. The Commission's advice letter filing procedures are set forth in General Order 96-A, III. Rules For Submission Of Tariff Sheets, <http://www.cpuc.ca.gov/PUBLISHED/Graphics/656.PDF> (beginning on p.7 of the PDF file). (The advice letter filing process was originally developed as part of the tariff sheet review process but has been expanded for use with a variety of filings before the CPUC). GO96-A requires that LSEs file four copies of each advice letter, one of which will be returned to the LSE upon approval of the filing. Newer LSEs may opt to read the filing details set forth in GO 96-A, or simply follow the general advice letter form shown by PG&E, SCE, or SDG&E advice letter filings:

- PG&E, <http://www.pge.com/notes/rates/tariffs/advice/html/>
- SCE, <http://www.sce.com/AboutSCE/Regulatory/adviceletters/>
- SDG&E, http://www.sdge.com/regulatory/tariff/advice_index.shtml

R.04-04-003 Service List, and 12/09/2005 RAR Workshop Attendees,

The primary purpose of this errata email note is to transmit the revised Maximum Cumulative Contribution (MCC) percentages which replace those issued by the CPUC Energy Division on December 21, 2005. The Energy Division also notes that the RMR condition 2 allocations were mailed December 28, 2005, and the intertie contact information is provided below.

**ERRATA to the December 21, 2005 Guidance to all Load-Serving Entities (LSEs)
Regarding the Upcoming January 27, 2006 Resource Adequacy Requirement Compliance Filings:**

Revised MCC Percentages: The Energy Division documents, sent on December 21, 2005, contained an error in the supporting documents that resulted in incorrect MCC percentages in both the Guidance document and the Template. The calculation methodology has not been changed. Enclosed is a revised spreadsheet with supporting calculations and load data in file, CPUC01-#217658-v2-Revised_Final_RA_MCC_Top_Down_Table_1_on_12-29-2005.xls.

The revised MCC percentages are shown below.

SUMMER 2006	
RESOURCE CATEGORY	MCC PERCENTAGES
Category #1	13.3%
Category #2 (Sum of 1, 2)	18.6%
Category #3 (Sum of 1, 2, 3)	30.1%
Category #4 (Sum of 1,2,3,4)	100.0%

Allocation of Reliability Must Run (RMR) Condition 2 Units : As set forth in the RA Guide, "...the CEC/PUC will calculate the LSE share of each IOU transmission service area annual peak (based on the CEC's forecasts). ... The CEC/PUC will apply the annual share percentages in each IOU transmission service area against total RMR Condition 2 MWs in that respective IOU transmission service area to allocate RMR Condition 2 MWs." On December 28, 2006, the CPUC Energy Division sent a confidential hardcopy letter to each LSE (via US Mail) that contains their respective RMR Condition 2 allocation for use in the 2006 demonstrations.

Intertie Import Allocation Process: Some parties are having difficulty finding the forecast peak information to use in the calculation. The Guide states " For 2006, according to the CEC forecast information the peak month used for this calculation is August." From the CEC load forecast mailing Attachment 2: 2006 Resource Adequacy Load Forecast Adjustment Documentation, Line 7- Final adjusted forecasts to be used for compliance, column 5 – August, the forecast is 42,446 MW.

RA Reporting Template Spreadsheet: Energy Division plans to issue a revised version of the RA reporting template spreadsheet that was originally issued on December 21, 2005. The revised version will contain a more detailed and automated summary tab which will more easily allow each LSE to quickly determine the relative compliance level of their RA filing.

**Revised Version issued on 12-29-2005
Part of the CPUC Energy Division 12-21-2005
Determination on RAR Implementation Issues**

Table 1 Energy Division Implementation of the Mirant Top Down Methodology as adopted in D.05-10-042	
Calculation of MCC Percentages	
Summer 2006	
Hours in Month	744
<u>Hours in Resource Category</u>	
Category #1 (5x4 hrs)	84
Category #2 (5x8 hrs)	171
Category #3 (6x16 hrs)	415
Maximum Cumulative Contribution (MCC)	
<u>Limits by Category</u>	
Category #1	13.3%
Category #2 (Sum of 1, 2)	18.6%
Category #3 (Sum of 1, 2, 3)	30.1%
Category #4 (Sum of 1,2,3,4)	100.0%
<u>System Load (MW)</u>	
Peak Hour	41,789
Start of Category #2 Hour	36,237
Start of Category #3 Hour	34,026
Start of Category #4 Hour	29,211
90% of Peak	37,610
<u>System Incremental Load (MW)</u>	
Category #1 Bucket	5,552
Category #2 Bucket	2,211
Category #3 Bucket	4,815
Category #4 Bucket	29,211
<u>Cumulative Load in Each Bucket (MW)</u>	
Category #1 Bucket	5,552
Category #1,2 Buckets	7,763
Category #1,2,3 Buckets	12,578
Category #1,2,3,4 Buckets	41,789
Minimum Cumulative Requirement (MCR)	
<u>by Category</u>	
Category #4 Bucket	69.9%
Category #4, 3 Buckets	81.4%
Category #4, 3, 2 Buckets	86.7%
Category #4, 3, 2, 1 Buckets	100.0%