 California ISO Your Link to Power	OPERATING PROCEDURE	Procedure No.	S-318
		Version No.	3.0
		Effective Date	10/16/07
Out-of-Market Energy Transactions on the Inter-ties		Distribution Restriction: NONE	


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Purpose

Outlines the necessary communication for Out-of-Market (OOM), Energy or capacity, transactions on the inter-ties with Scheduling Coordinators (SCs) and parties with which the CAISO has no established contractual arrangements (parties that are not Scheduling Coordinators).

During emergency operation or when the CAISO is unable to maintain System Reliability using resources in the CAISO Real Time commodities list, the CAISO is authorized by the CAISO Tariff to arrange Out-of-Market Energy or capacity transactions with Scheduling Coordinators and Non-Scheduling Coordinators.

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1. Out-of-Market (OOM) Transactions

1.1. Determine & Process OOMs

To determine the need and process an OOM transaction, take the following actions:


Step	Shift Manager and Generation Dispatcher Actions
1	Determine the need for an OOM transaction on the CAISO inter-ties per CAISO Operating Procedures M-425, Out-of-Sequence and Out-of-Market Dispatch and M-403, Real Time Dispatching .
2	Inform the Real Time Scheduler the amount, time frame, and location of Out-of-Market transactions required.
Step	Real Time Scheduler Actions
3	Establish Clear Verbal Agreements with the OOM contact.
4	Agree on and log (per section 1.4) the following information: <ul style="list-style-type: none"> • Transacting entity- include the company, individual, and Balancing Area • MW value • Agreed upon price (no variable or dependant prices) • Delivery Point • Hour-Ending, start and stop times, ramp rates, etc. • Type of Energy (Firm or Non-Firm) or the type of A/S capacity (Spin or Non-Spin). If the Energy is Non-Firm the Real Time Scheduler must account for the Non-Firm transaction in the Reserve Monitor. • Integrated MWh values, as necessary • Responsibility for any associated Wheeling and/or transmission charges • If possible, the Settlement for the Energy or capacity transaction conforms to the CAISO Tariff, as well as, the Settlement and Billing Protocol (SABP), particularly that the Settlement is made 65 days after the end of the month during which the transaction takes place.



1.2. Interchange Accounts

Interchange accounts must have a Market Reservation created in CAS and a tag for all bi-lateral arrangements. The following provides guidance for this:

Step	Real Time Scheduler Actions	
Market Reservation		
1	Use valid SC ID if available, otherwise use ZISO	
2	Enter Energy type: OOM	
3	Enter Interchange ID	
4	Enter agreed upon price (blank price field indicates “Ex-Post Price”)	
5	Enter a remark in the note field that describes the reason for the OOM transaction	
6	Enter a remark in note field if party is Non-Market Participant (NMP)	
E-Tag		
7	CAISO Real-Time Scheduler Action	
	If...	Then...
	The transaction is an Import,	Create an E-Tag for the transaction in CAS (or request the sending BA create it).
	The transaction is an Export,	Request the appropriate BA create the E-Tag for the transaction.
	Include the following in the MISC field:	
	Token	Value
	CAISO_SCID	Your SC ID for this schedule
CAISO_CONTRACT	Your ETC CRN or NFU (use NFU for FTRs)	
CAISO_PRODUCT	FIRM, NFRM, DYN, WHEEL, SPIN, NSPN, SUPP	
CAISO_RES_ID	Interchange ID (see step 3)	


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- 1.3. OOM Through an Intermediary Entity** When canvassing for OOM, if an entity is able to provide/receive energy but is unwilling to do business with the CAISO directly then perform the following steps:

Step	Real Time Scheduler Actions				
1	<p>Contact/canvas third parties and, Inform the third party that an entity is able to provide/receive energy, but is unwilling to do business with CAISO directly and requests another entity acts as an intermediary with CAISO.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #e0f7fa;">If...</th> <th style="background-color: #e0f7fa;">Then...</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">The third party entity accepts the request to act as intermediary,</td> <td style="vertical-align: top;"> <p>Communicate, record, and document the agreement identical to a normal OOM Schedule with the intermediary third party, per instruction in previous steps with two (2) additional considerations:</p> <ol style="list-style-type: none"> 1. The agreed upon price is between the third party intermediary and CAISO. Third party intermediary includes all costs (CAISO and provider/receiver) when determining the selling price to the CAISO. 2. The log entry includes explanation of the intermediary arrangement such as, <ul style="list-style-type: none"> ▪ Entity requiring an intermediary ▪ Contact person ▪ Name of any entities identified as acceptable energy providers/receivers <p><i>Note: OOM Schedules will be accounted to CAISO Load and not to the portfolio of either of the parties involved.</i></p> </td> </tr> </tbody> </table>	If...	Then...	The third party entity accepts the request to act as intermediary,	<p>Communicate, record, and document the agreement identical to a normal OOM Schedule with the intermediary third party, per instruction in previous steps with two (2) additional considerations:</p> <ol style="list-style-type: none"> 1. The agreed upon price is between the third party intermediary and CAISO. Third party intermediary includes all costs (CAISO and provider/receiver) when determining the selling price to the CAISO. 2. The log entry includes explanation of the intermediary arrangement such as, <ul style="list-style-type: none"> ▪ Entity requiring an intermediary ▪ Contact person ▪ Name of any entities identified as acceptable energy providers/receivers <p><i>Note: OOM Schedules will be accounted to CAISO Load and not to the portfolio of either of the parties involved.</i></p>
If...	Then...				
The third party entity accepts the request to act as intermediary,	<p>Communicate, record, and document the agreement identical to a normal OOM Schedule with the intermediary third party, per instruction in previous steps with two (2) additional considerations:</p> <ol style="list-style-type: none"> 1. The agreed upon price is between the third party intermediary and CAISO. Third party intermediary includes all costs (CAISO and provider/receiver) when determining the selling price to the CAISO. 2. The log entry includes explanation of the intermediary arrangement such as, <ul style="list-style-type: none"> ▪ Entity requiring an intermediary ▪ Contact person ▪ Name of any entities identified as acceptable energy providers/receivers <p><i>Note: OOM Schedules will be accounted to CAISO Load and not to the portfolio of either of the parties involved.</i></p>				

- 1.4. Transaction Records** Clear, legal records must be made regarding the transaction, which are performed by the following actions:

Step	Real Time Scheduler Actions
1	Complete a SLIC Log entry, which includes the information in 1.1, step 4, along with the reason for the OOM request.
2	Ensure the SLIC Log entry is flagged to the OOS/OOM Report.

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Supporting Information

Affected Parties Market Participants

Responsibilities


CAISO Real Time Operations Personnel	<p>The CAISO has the responsibility to maintain System reliability and take immediate action to maintain or re-establish required or necessary Operating Reserves. If the resources necessary to satisfy this responsibility in a timely manner are not available through normal CAISO market procedures, the CAISO Shift Supervisor is authorized and required to direct CAISO Real-time personnel to arrange Out-of-Market energy or capacity transactions with SCs and non-SCs.</p> <p>In order to reduce disputes after-the-fact, the CAISO Real-time operations personnel are responsible for clear communication in the real-time negotiation of Out-of-Market transactions with SCs and non-SCs. Real-time personnel are also responsible for complete and accurate logging and record keeping of those transactions, and clear and timely communication of transaction details with the CAISO Settlements department.</p>
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References

• ISO Tariff	
• CAISO Operating Procedure	M-403, Real Time Dispatching
• CAISO Operating Procedure	M-425, Out-of-Sequence and Out-of-Market Dispatch
• CAISO Operating Procedure	E-508, Electrical Emergency Plan
• CAISO Settlement and Billing Protocol	

Policy

The CAISO can buy or sell from Entities other than Scheduling Coordinators during periods when the CAISO determines that it may not be able to maintain reserve requirements in future hours or resources in the CAISO Commodities List are insufficient. Any such purchases or sales must be settled in compliance with procedures specified in the CAISO Tariff and the Scheduling and Billing Protocol.

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Definitions Unless the context otherwise indicates, any word or expression defined in the Master Definitions Supplement to the CAISO Tariff and capitalized herein shall have the same meaning where used in this procedure.

The following additional terms, if any, are capitalized in this document when used as defined below:

Out-of-Market (OOM)	Refers to capacity and/or Energy managed by an SC or a Non-SC, and for which there is no bid in the relevant DA or HA market. Settlement is made according to the terms of the CAISO Tariff and the SC Agreement.
Non-Scheduling Coordinator	Refers to capacity or energy transactions with sources other than SCs. These transactions are with entities with which the CAISO has no SC Agreement.

Version History

Version	Change	By	Date
1.0	Drafted		1/22/99
1.1	Changed title, Revised		11/27/01
1.1	Reviewed		11/29/01
1.2	Changed Non-Scheduling Coordinator to Non-Market Participant (NMP)		6/11/02
1.3	Clarified Policy		7/12/02
1.4	Update references		8/14/03
1.5	<ul style="list-style-type: none"> • Up-dated for MD02 Phase 1b • Removed BEEP references and added Real Time Commodities List • Removed Section 1.1 – 1.6 		1/23/04
1.5	<ul style="list-style-type: none"> • Changed Section 2 to Real Time Scheduler • Clarified Section 2.3 to include SLIC and removed second bullet • Removed all of Section 3 • Added reference to M-403 & M-425 		1/23/04
1.6	MD02 1B review		9/20/04
1.7	Annual Review, clarification		2/18/05
1.8	Added “agreed upon price” to section 2.2		8/4/05
2.0	Reformatted.		4/13/06
3.0	Revised section 1.2		10/16/07

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Technical Review

Reviewed By Content Expert	Signature	Date
Operations Support		09/28/07
Regional Transmission		10/15/07
Grid Ops		10/15/07
Market Ops		10/8/07
Scheduling		10/1/07

Approval

Approved By	Signature	Date
Director of Grid Operations		10/15/07
Manager of Scheduling		10/15/07
