

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



March 24, 2008

Advice Letter 2183-E

Akbar Jazayeri  
Vice President, Regulatory Operations  
Southern California Edison Company  
P O Box 800  
Rosemead, CA 91770

Subject: Extension of Southern California Edison Company's  
Authority to Use the Revised Local Area Reliability  
Unit Commitment and Dispatch Procedure and to Use  
the California Independent System Operator's Procedure  
M-438 Previously Approved by the Commission

Dear Mr. Jazayeri:

Advice Letter 2183-E is effective January 1, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director  
Energy Division

**ADVICE LETTER (AL) SUSPENSION NOTICE**  
**ENERGY DIVISION**

Utility Name: Southern California Edison    Date Utility Notified: 12/21/07    via: e-mail  
Utility No./Type U 338-E (ELC)    [ x ] E-Mail to: james.yee@sce.com  
Advice Letter No. 2183-E    Fax No.: N/A  
Date AL filed: 11/21/07    ED Staff Contact: Michael Dorsi  
Utility Contact Person: James Yee  
Utility Phone No. (626) 302-2509

**For Internal Purposes Only:**

Date Calendar Clerk Notified: \_\_\_\_/\_\_\_\_/\_\_\_\_

Date Commissioners/Advisors Notified: \_\_\_\_/\_\_\_\_/\_\_\_\_

**[x] INITIAL SUSPENSION (up to 120 DAYS)**

This is to notify that the above-indicated AL is suspended for up to 120 days beginning December 21, 2007 for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[ ] Section 455 Hearing is Required.

[x] Advice Letter Requests a Commission Order.

[ ] Advice Letter Requires Staff Review

Expected duration of initial suspension period: 40 days.

**[ ] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)**

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

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If you have any questions regarding this matter, please contact Michael Dorsi at (415) 703-2317 or via e-mail at mdo@cpuc.ca.gov.

cc: Sean Gallagher  
Maria Salinas  
Honesto Gatchalian  
Gurbux Kahlon  
Judith Ikle  
Colette Kersten  
Robert Strauss

Protestants to the advice letter: None (protest period has elapsed)

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November 21, 2007

**ADVICE 2183-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Extension of Southern California Edison Company's Authority to Use the Revised Local Area Reliability Unit Commitment and Dispatch Procedure and to Use the California Independent System Operator's Procedure M-438 Previously Approved by the Commission

**PURPOSE**

Southern California Edison Company (SCE) requests the California Public Utilities Commission (Commission) extend SCE's authority to use: (1) the Advice 1813-E-A Local Area Reliability Unit Commitment and Dispatch Procedure approved by Resolution E-3888 and subsequently extended to December 31, 2006 by Advice 2001-E;<sup>1</sup> and (2) the current California Independent System Operator (CAISO) Procedure M-438 (version 3.0, dated March 7, 2007)<sup>2</sup> until the implementation of the CAISO's Market Redesign and Technology Upgrade (MRTU), which is currently scheduled for April 1, 2008. SCE also requests approval of SCE's authority to operate under Procedure M-438 (version 1.4 dated January 1, 2007), including the Capacity Commitment Table, for the period of January 1, 2007 through January 16, 2007.<sup>3</sup> These procedures were developed in compliance with Decision (D.) 04-07-028 and Resolution E-3888.

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<sup>1</sup> Advice 2001-E, Appendix A.

<sup>2</sup> Procedure M-438 Version 3.0, dated March 7, 2007, includes the Capacity Commitment Tables Version 4.0 dated March 7, 2007. Each of these documents is attached hereto as Appendix A.

<sup>3</sup> Procedure M-438 Version 1.4, dated January 1, 2007, includes the Capacity Commitment Tables Version 2.0 dated January 1, 2007. Procedure M-438 Version 1.4 was only in effect for 16 days. Each of these documents is attached hereto as Appendix B.

## **BACKGROUND**

On July 8, 2004, the Commission issued D.04-07-028 to clarify and modify prior Commission orders concerning the Investor Owned Utilities' (IOUs') obligation to proactively assist the CAISO in managing systemwide transmission congestion and assuring local area reliability.<sup>4</sup> This Decision required the IOUs to consider reliability factors and incorporate all known and reasonably anticipated CAISO-related costs (including congestion, re-dispatch and must-offer costs) when evaluating resource options, and directed the IOUs to schedule and procure sufficient and appropriate resources, both systemwide and locally within their service territories, to meet their customers' needs and to permit the CAISO to maintain reliable grid operations.<sup>5</sup> D.04-07-028 arose from an Assigned Commissioner's Ruling on Reliability Issues dated June 10, 2004 (the ACR), which found that the reliability of the State's electric system would be enhanced if the CAISO took all necessary steps to provide all load serving entities with the information they need to procure and schedule resources in a manner that supports reliable grid operations.<sup>6</sup>

In compliance with D.04-07-028 and the ACR, SCE and the CAISO met and jointly developed a Local Area Reliability Unit Commitment and Dispatch Procedure which was filed with the Commission on July 26, 2004, by Advice 1813-E. This Procedure describes how SCE will commit and schedule local area generation in the CAISO's day-ahead market to reduce the CAISO's must-offer waiver denial and real time re-dispatch requirements. Resolution E-3888 approved Advice 1813-E with modifications. In compliance with the modifications required by Resolution E-3888, SCE, on September 13, 2004, submitted Advice 1813-E-A and the revised Unit Commitment and Dispatch Procedure to the Commission to ensure that the agreed-upon activities are consistent with the Commission's directives, and that all costs reasonably incurred by SCE in performing reliability-related activities pursuant to the approved Local Area Reliability Unit Commitment and Dispatch Procedure are fully recoverable by SCE as part of SCE's approved procurement plan. SCE's authority to use the Advice 1813-E-A Local Area Reliability Unit Commitment and Dispatch Procedure and the CAISO's Procedure M-438 as authorized by Resolution E-3888 terminated on December 31, 2005.<sup>7</sup> Upon expiration of Advice 1813-E-A, SCE in conjunction with the CAISO developed a revised M-438 procedure and Capacity Commitment Table. These were filed on May 16, 2006 in Advice 2001-E which was

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<sup>4</sup> D.04-07-028 modified D.02-10-062, D.02-12-074, D.03-12-062 and D.04-01-050 in Rulemaking (R.) 01-10-024.

<sup>5</sup> D.04-07-028, *mimeo* at pp. 28-32.

<sup>6</sup> *Id.* at 7.

<sup>7</sup> SCE's authority to use the procedure attached to Advice 1813-E-A terminated on December 31, 2005 unless extended by Commission order. See Resolution E-3888, Ordering Paragraph 3. While D.04-12-048 did extend the provisions of D.04-07-028 (see D.04-12-048, Finding of Fact 102), it did not explicitly extend the procedure approved in Resolution E-3888, nor SCE's authority to use the CAISO's Procedure M-438.

approved by the Commission and remained in effect until its termination on December 31, 2006.

Since the filing of Advice 2001-E, certain structural elements within the CAISO market have changed. Chief among them are the addition of Resource Adequacy requirements and the CAISO's attendant reduction in the use of Reliability Must Run (RMR) contracts. These modifications have made changes to the M-438 Capacity Commitment Tables necessary.<sup>8</sup>

On December 29, 2006, the CAISO issued a revised Procedure M-438 and Capacity Commitment Table. In the market notice, the CAISO indicated the reason for the revision was to address the lack of RMR units in the Los Angeles Basin. This revised procedure was in effect from January 1, 2007 until it was suspended on January 16, 2007. During that time, SCE dispatched in accordance with the then effective procedure. The Procedure M-438 that was in effect from January 1 to January 16 is attached hereto as Appendix B.

Subsequently, SCE and the CAISO began a collaborative effort to revise the Capacity Commitment Table and ultimately reached agreement on the nature of the revised requirements. The mutually acceptable revised requirements are attached hereto as Appendix A.

SCE will continue to work with the CAISO and develop further modifications to the Procedure M-438 and Capacity Commitment Table as necessary to ensure that the costs are commensurate with the reliability benefits of the procedure. The CAISO has indicated that this procedure will terminate with the implementation of MRTU. A letter from the CAISO to this effect is attached hereto as Appendix C.

No cost information is required for this advice filing.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

### **TIER DESIGNATION**

Pursuant to D.07-01-024, Energy Industry Rule 5.3, this advice letter is submitted with a Tier 3 designation.

### **EFFECTIVE DATE**

This advice filing shall become effective as of January 1, 2007 subject to SCE's receipt of a Commission resolution extending SCE's authority to use: (1) the Advice 1813-E-A Local Area Reliability Unit Commitment and Dispatch Procedure; (2) Version 1.4 of

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<sup>8</sup> The revised Local Area Reliability Unit Commitment and Dispatch Procedure was attached to Advice 2001-E as Appendix A.

CAISO Procedure M-438 for the period January 1, 2007 through January 16, 2007; and (3) Version 3.0 of CAISO Procedure M-438 from March 7, 2007 until the implementation of MRTU.

**NOTICE**

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
E-mail: [inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Akbar Jazayeri  
Vice President of Regulatory Operations  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Bruce Foster  
Senior Vice President, Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2040  
San Francisco, California 94102  
Facsimile: (415) 673-1116  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section 4 of General Order No. (GO) 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B and R.04-04-003 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-2930.

For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Eric Little at (626) 302-6607 or by electronic mail at [Eric.Little@sce.com](mailto:Eric.Little@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:el:sq  
Enclosures

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:

- ELC       GAS  
 PLC       HEAT       WATER

Contact Person: James Yee

Phone #: (626) 302-2509

E-mail: [James.Yee@sce.com](mailto:James.Yee@sce.com)

E-mail Disposition Notice to: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
 PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2183-E      Tier Designation: 3

Subject of AL: Extension of Southern California Edison Company's Authority to Use the Revised Local Area Reliability Unit Commitment and Dispatch Procedure and to Use the California Independent System Operator's Procedure M-438 Previously Approved by the Commission

Keywords (choose from CPUC listing): Procurement, Reliability

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: \_\_\_\_\_

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: \_\_\_\_\_

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.  
Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required?  Yes  No

Requested effective date: 1/1/07      No. of tariff sheets: -0-

Estimated system annual revenue effect (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed<sup>1</sup>: \_\_\_\_\_

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

<sup>1</sup> Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**


CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Ave.,  
San Francisco, CA 94102  
[inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Akbar Jazayeri  
Vice President of Regulatory Operations  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Bruce Foster  
Senior Vice President, Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2040  
San Francisco, California 94102  
Facsimile: (415) 673-1116  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

**ADVICE 2183-E**

**APPENDIX A**

	<b>Operating Procedure</b>	<b>Procedure No.</b>	M-438
		<b>Version No.</b>	3.0
		<b>Effective Date</b>	3/7/07
<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

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## PURPOSE

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Provides local capacity commitment information to CAISO Market Participants for the purpose of:


- Listing CAISO local area incremental capacity commitment (i.e., the Capacity Commitment Table assumes commitment of non-listed resources like QFs, nuclear and RMR),
- Improving feasibility of Day-Ahead schedules,
- Enhancing reliable Grid operations and local area reliability.

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<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction:</b> <b>None</b>	

## PROCEDURE


### 1.0 Determine Local Capacity Commitment Areas and Generation Requirements

Step	Operations Engineering Actions	
1	<b>Assess</b> Grid operations to determine Local Capacity Commitment Areas (see Attachments A, B, and C.) that affect reliable Grid operations or local area reliability of portions of the CAISO Balancing Authority Area.	
2	<b>IF...</b> Any Local Capacity Commitment Areas are determined to exist,	<b>THEN...</b> <ul style="list-style-type: none"> <li>• <b>Determine</b> the megawatt quantities of generating capacity that must be online in each Capacity Commitment Area for corresponding forecasted hourly Load levels.               <ul style="list-style-type: none"> <li>– <b>List</b> these generation capacity quantities in the applicable Attachments.</li> <li>– <b>Utilize</b> a “tiered” format in the area Load forecast column.</li> </ul> </li> <li>• <b>Determine</b> Generating Units that may satisfy the capacity requirements within the individual Local Capacity Commitment Areas               <ul style="list-style-type: none"> <li>– <b>List</b> these feasible Generating Units in the applicable Attachments A, B, and C.</li> <li>– <b>Assume</b> RMR Nuclear, QF, and quick-start generation where appropriate.</li> </ul> </li> </ul>
3	<b>Review</b> the Local Capacity Commitment Areas periodically to determine whether they should be modified.	

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**2.0 Publish  
Local Capacity  
Commitment**

Step	Operations Support Actions	
1	<b>Post</b> the Local Capacity Commitment Tables on the CAISO web site (Attachments A, B, and C).	
2	<b>IF ...</b> A Local Capacity Commitment Table is revised,	<b>THEN...</b> Send a Market Notice to all Market Participants advising of the change.
Step	Function	
3	The CAISO automatically posts minimum daily Generation capacity requirements for each applicable Local Capacity Commitment area to the CAISO website ( <a href="#">The Grid / Load</a> ) using a rolling seven day forecast.	


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**3.0 Schedule Transactions**


Load Serving Entities (LSEs) that have dispatch authority over Generating Units within any Local Capacity Commitment Area in which the LSE serves load must complete the following each day for all block hours:

Step	Load Serving Entity Actions
1	<b>Review</b> the CAISO Website ( <a href="#">The Grid / Load</a> ) to determine the Generation capacity requirement for the respective Local Capacity Commitment Area. The Generation capacity requirement shall be the lesser of <ul style="list-style-type: none"> <li>1) the capacity amount based on the CAISO Website posting one day prior to the WECC <u>trade</u> date for the operating day,</li> <li style="text-align: center;"><b>or</b></li> <li>2) the CAISO Website posting one day prior to the operating day.</li> </ul>
2	<b>Determine</b> the required generation capacity for each block of hours of the operating day.
3	<b>Schedule</b> sufficient energy (at Pmin or greater) from the designated Units to meet the capacity requirement.

Step	CAISO Day-Ahead Actions	
4	<b>Upon the close of the Day-Ahead Market, the Day-Ahead Grid Resource Coordinator shall ...</b>	<b>The Shift Supervisor and operators shall ...</b>
	<b>Provide</b> a summarization of scheduling to be used against the published capacity tables to the Shift Supervisor,	<b>Use</b> this scheduling summary for review purposes in their security assessments.

 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	<b>Procedure No.</b>	M-438
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<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

5	<table border="1" style="width: 100%;"> <thead> <tr> <th style="background-color: #e0ffff;">If...</th> <th style="background-color: #e0ffff;">Then...</th> </tr> </thead> <tbody> <tr> <td>Sufficient capacity is not committed after the close of the Day Ahead Market and the Must Offer Unit Commitment process,</td> <td>Commit additional Generation through the RA and Must-Offer Waiver Denial process as necessary.</td> </tr> </tbody> </table>		If...	Then...	Sufficient capacity is not committed after the close of the Day Ahead Market and the Must Offer Unit Commitment process,	Commit additional Generation through the RA and Must-Offer Waiver Denial process as necessary.
If...	Then...					
Sufficient capacity is not committed after the close of the Day Ahead Market and the Must Offer Unit Commitment process,	Commit additional Generation through the RA and Must-Offer Waiver Denial process as necessary.					

	<b>Operating Procedure</b>	<b>Procedure No.</b>	M-438
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<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

## SUPPORTING INFORMATION

### Affected Parties

- Load Serving Entities

### Responsibilities

<b>CAISO Operations Engineering</b>	Determine Local Capacity Commitment Area Generation Requirements. Publish, and modify the Local Capacity Commitment Tables, as needed.
<b>CAISO Market Operations</b>	Provide a summarization of scheduling against the published capacity tables to the Shift Supervisor.
<b>Load Serving Entities</b>	Schedule forward transactions in a manner that results in the timely on-line operation of Generating capacity within the affected Local Capacity Commitment Area and according to the Capacity Commitment Tables.


### Policy

The CAISO will post this Operating Procedure, including Attachments, on its website. The procedure will remain effective indefinitely, dependent on future PUC action. The Capacity Commitment Tables are made available on the CAISO's website to all market participants in a timely nondiscriminatory manner.

### References

Resources studied in the development of this procedure and that may have an effect upon some steps taken herein include but are not limited to:

- **CPUC Resolution** [Resolution E-3888 Approval – 8/19/04](#)

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<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	


**Definitions**

Unless the context otherwise indicates, any word or expression defined in the Master Definitions Supplement to the CAISO Tariff shall have that meaning when capitalized in this Operating Procedure.

<b>Capacity Commitment Table</b>	Tables posted on the CAISO’s web site that provide requirements from on-line Generating Units within Local Capacity Commitment Areas to improve feasibility of forward schedules and to maintain sufficient local area reliability.
<b>Local Capacity Commitment Area</b>	An area that is defined by a list of units that reside in that area within which the CAISO requires certain Generation to be on-line in order to maintain sufficient local area reliability.

**Version History**

<b>Version</b>	<b>Change</b>	<b>By</b>	<b>Date</b>
1.0	New Procedure		8/10/04
1.1	Removed comments about “adjacent” local capacity commitment areas.		9/3/04
1.2	Clarified commitment is with LSE that serves the load.		9/28/04
1.3	Removed EL Segundo as RMR and added Mountain View 3/4		12/21/05
1.4	Revised attachment M438B to address that there are no longer any RMR units in SCE & added attachment A for PG&E and attachment C for SDG&E Area requirements.		12/8/06
1.5	Added Step 5 in Section 3.		1/3/07
2.0	More clarification to Sections 1 and 2. Changed forecasted load to tier system.		1/29/07
3.0	Change Section 3, Step 1.		3/7/07

 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	<b>Procedure No.</b>	M-438
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<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

## TECHNICAL REVIEW

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Reviewed by Content Expert	Signature	Date
Operations Support		
Regional Transmission		
Grid Ops		
Market Ops		
Outage Management		
Scheduling		
Legal & Regulatory		


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## APPROVAL

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Approved By	Signature	Date
Director of Regional Transmission		
Director of Grid Operations		

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 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	<b>Procedure No.</b>	M-438
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<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

## APPENDIX


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**Attachment A: PG&E Area Capacity Commitment**

**Attachment B: SCE Area Capacity Commitment**

**Attachment C: SDG&E Area Capacity Commitment**

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 <b>California ISO</b> Your Link to Power	<b>Operating Procedure Attachment</b>	<b>Procedure No.</b>	M-438B
		<b>Version No.</b>	4.0
		<b>Effective Date</b>	3/7/07
<b>SCE Area Capacity Commitment</b>		<b>Distribution Restriction:</b> <b>None</b>	

Tier	SCE Area Load Forecast (MWs) (includes losses) <sup>E</sup> (excludes all Pump Load) <sup>F</sup>	Minimum Capacity Requirement (MWs) <sup>A</sup>
SCE Tier 1	< 13,000	0
SCE Tier 2	13,000 - 13,999	215 <sup>B</sup>
SCE Tier 3	14,000 - 14,999	430 <sup>C</sup>
SCE Tier 4	15,000 - 15,999	955 <sup>D</sup>
SCE Tier 5	16,000 - 16,999	1480 <sup>D</sup>
SCE Tier 6	17,000 - 17,999	1800 <sup>D</sup>
SCE Tier 7	18,000 - 18,999	2975 <sup>D</sup>
SCE Tier 8	19,000 - 19,999	3470 <sup>D</sup>
SCE Tier 9	20,000 - 20,999	4165 <sup>D</sup>
SCE Tier 10	21,000 - 21,999	5140 <sup>D</sup>
SCE Tier 11	22,000 - 22,999	5810 <sup>D</sup>

<sup>A</sup> Each Tier corresponds to a different load forecast range. The requirement assumes commitment of non-listed resources such as QF's, nuclear, and fast-start units. Each block of the day has a specific capacity requirement depending on the tier level for that block of hours. The winter/spring operating season starts November 1<sup>st</sup> and ends April 30<sup>th</sup>; the summer operating season starts May 1<sup>st</sup> and ends October 31<sup>st</sup>.

Winter web postings include capacity requirements for blocks of hours as follows (all Hour Ending): HE 0100 – 0600, HE 0700 – 1700, HE 1800 – 2200, and HE 2300 – 2400.

Summer web postings include capacity requirements for blocks of hours as follows:  
HE 0100 – 0600, HE 0700 – 1200, HE 1300 – 2000, HE 2100 – 2200 and HE 2300 – 2400.

<sup>B</sup> 215 MW at Huntington Beach \*

<sup>C</sup> 430 MW at Huntington Beach \*

\* An Alamitos Unit can be used to replace ONLY one Huntington Beach unit in either Tier 2 or Tier 3.

<sup>D</sup> Load forecasts greater than Tier 3 (15,000 MW) require two units at Huntington Beach.

<sup>E</sup> All transmission losses assumed in these load values are the same as those found in the Load forecasts.

<sup>F</sup> The “SCE Load + Losses” in the above table is equivalent to SCE “Load Forecast” (which includes pump load) minus SCE Area “Pump Load Forecast.”

Expressed mathematically:

“SCE Service Area Load + Losses” =


“SCE “Load Forecast” - SCE Area “Pump Load Forecast”

SCE “Load Forecast” and SCE Area “Pump Load Forecast” values are included in the “Daily IOU’s Forecast Spreadsheet” e-mailed from CAISO Market Operations.

Generation Plants to be used for Capacity Commitment			
Alamitos	Harborgen	Etiwanda	Redondo
El Segundo	Huntington Beach	Mountainview	


**ADVICE 2183-E**

**APPENDIX B**

 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	Procedure No.	M-438
		Version No.	1.4
		Effective Date	1/1/07
<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

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 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	Procedure No.	M-438
		Version No.	1.4
		Effective Date	1/1/07
<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction:</b> None	

## PURPOSE


Provides local capacity commitment information to CAISO Market Participants for the purpose of:

- Listing CAISO local area incremental capacity commitment (i.e., the Capacity Commitment Table assumes commitment of non-listed resources like QFs, nuclear and RMR),
- Improving feasibility of Day-Ahead schedules,
- Enhancing reliable Grid operations and local area reliability.

## PROCEDURE


### 1.0 Determine Local Capacity Commitment Area and Generation Requirements

Step	Operations Engineering Actions	
1	<b>Assess</b> Grid operations to determine Local Capacity Commitment Areas (see Attachments A, B, and C.) that affect reliable Grid operations or local area reliability of portions of the CAISO Balancing Area.	
2	<b>IF...</b> Any Local Capacity Commitment Areas are determined to exist,	<b>THEN...</b> <ul style="list-style-type: none"> <li>• <b>Define</b> the quantity of Generation that must be online within that specific Local Capacity Commitment. <b>Refer</b> to Attachments A, B and C.</li> </ul>

 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	Procedure No.	M-438
		Version No.	1.4
		Effective Date	1/1/07
<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

**2.0 Publish  
Local Capacity  
Commitment**

Step	Operations Engineering Actions				
1	<p><b>Develop</b> Local Capacity Commitment Tables for each Local Capacity Commitment Area (listed in Attachments A, B and C):</p> <ul style="list-style-type: none"> <li>• <b>Use</b> the CAISO load forecast for the IOU service area within which the Local Capacity Commitment Area is located.</li> <li>• <b>List</b> the megawatt quantity of generating capacity that must be on-line in a Capacity Commitment Area to improve the feasibility of forward schedules. <b>Utilize</b> Generators within the individual Local Capacity Commitment Areas (see Attachments A, B, and C) based on effectiveness, as feasible and appropriate.</li> <li>• <b>Aggregate</b> generators within Local Capacity Commitment Areas as feasible and appropriate.</li> <li>• <b>Assume</b> utilizing RMR generation where appropriate.</li> </ul>				
2	<b>Post</b> the Local Capacity Commitment Tables on the CAISO web site (Attachments A, B, and C).				
3	<b>Review</b> the Local Capacity Commitment Areas periodically to determine whether they should be modified.				
4	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">IF ...</th> <th style="text-align: left;">THEN...</th> </tr> </thead> <tbody> <tr> <td>A Local Capacity Commitment Table is revised</td> <td>Send a Market Notice to all Market Participants advising of the change.</td> </tr> </tbody> </table>	IF ...	THEN...	A Local Capacity Commitment Table is revised	Send a Market Notice to all Market Participants advising of the change.
IF ...	THEN...				
A Local Capacity Commitment Table is revised	Send a Market Notice to all Market Participants advising of the change.				


 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	Procedure No.	M-438
		Version No.	1.4
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<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

**3.0 Schedule Transactions**

IOUs and Load Serving Entities who have dispatch authority over Generating Units within any Local Capacity Commitment Area in which the IOU or LSE serves load will:

Step	IOUs and Load Serving Entities Actions
1	<b>Review CAISO OASIS</b> (Forecasts tab) for forecasted load for the respective Service Area encompassing the Local Capacity Commitment Area two days prior to operating day.
2	<b>Schedule</b> necessary transactions in a manner that results in the timely on-line operation of Generating capacity from the designated Units within the affected Local Capacity Commitment Area in which the IOU or LSE serves load, and that meets the requirements of the Capacity Commitment Tables.

Step	CAISO Day-Ahead Actions	
3	<b>Upon the close of the Day-Ahead market, the Day-Ahead Grid Resource Coordinator shall ...</b>	<b>The Shift Supervisor and operators shall ...</b>
	<b>Provide</b> a summarization of scheduling to be used against the published capacity tables to the Shift Supervisor,	<b>Use</b> this scheduling summary for review purposes in their security assessments.

 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	<b>Procedure No.</b> M-438
		<b>Version No.</b> 1.4
		<b>Effective Date</b> 1/1/07
<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction:</b> None

## SUPPORTING INFORMATION

**Affected Parties** • IOUs and Load Serving Entities

### Responsibilities

<b>CAISO Operations Engineering</b>	Determine Local Capacity Commitment Area Generation Requirements. Publish, and modify the Local Capacity Commitment Tables, as needed.
<b>CAISO Market Operations</b>	Provide a summarization of scheduling against the published capacity tables to the Shift Supervisor.
<b>IOUs and Load Serving Entities</b>	Schedule forward transactions in a manner that results in the timely on-line operation of Generating capacity within the affected Local Capacity Commitment Area and according to the Capacity Commitment Tables.


### Policy

The CAISO will post this Operating Procedure, including Attachments, on its website. The procedure will remain effective indefinitely, dependent on future PUC action. The Capacity Commitment Tables are made available on the CAISO's website to all market participants in a timely nondiscriminatory manner.

### References

Resources studied in the development of this procedure and that may have an effect upon some steps taken herein include but are not limited to:

- **CPUC Resolution** Resolution E-3888 Approval – 8/19/04

 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	<b>Procedure No.</b>	M-438
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<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	


**Definitions**

Unless the context otherwise indicates, any word or expression defined in the Master Definitions Supplement to the CAISO Tariff shall have that meaning when capitalized in this Operating Procedure.

<b>Capacity Commitment Table</b>	A table established and posted by the CAISO on its web site for a Local Capacity Commitment Area which states the megawatt quantity of on-line Generation Units within the Local Capacity Commitment Area as needed to improve feasibility of forward schedules and to maintain reliable Grid operations and local area reliability.									
<b>Local Capacity Commitment Area</b>	An area that is defined by a list of units that reside in that area within which the CAISO requires certain Generation to be on-line in order to maintain reliable Grid operations and local area reliability.									
<b>Load Serving Entity</b>	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;"><b>Any CAISO Market Participant that is either a...</b></td> <td style="text-align: center;"><b>That...</b></td> </tr> <tr> <td>MSS</td> <td rowspan="5" style="vertical-align: top;">Procures Energy, Capacity, or Transmission on behalf of one or more Loads within the CAISO Balancing Area.</td> </tr> <tr> <td>Public Agency</td> </tr> <tr> <td>Load Aggregator</td> </tr> <tr> <td>Power Marketer</td> </tr> <tr> <td>State, City, County or other political subdivision</td> </tr> </table>	<b>Any CAISO Market Participant that is either a...</b>	<b>That...</b>	MSS	Procures Energy, Capacity, or Transmission on behalf of one or more Loads within the CAISO Balancing Area.	Public Agency	Load Aggregator	Power Marketer	State, City, County or other political subdivision	
<b>Any CAISO Market Participant that is either a...</b>	<b>That...</b>									
MSS	Procures Energy, Capacity, or Transmission on behalf of one or more Loads within the CAISO Balancing Area.									
Public Agency										
Load Aggregator										
Power Marketer										
State, City, County or other political subdivision										

**Version History**

Version	Change	By	Date
1.0	New Procedure		8/10/04
1.1	Removed comments about "adjacent" local capacity commitment areas.		9/3/04
1.2	Clarified that the commitment is with the LSE or IOU that serves the load.		9/28/04
1.3	Removed EL Segundo as RMR and added Mountain View 3 & 4		12/21/05
1.4	Revised attachment M438B to address that there are no longer any RMR units in SCE & added attachment A for PG&E and attachment C for SDG&E Area requirements.		12/8/06


 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	<b>Procedure No.</b>	M-438
		<b>Version No.</b>	1.4
		<b>Effective Date</b>	1/1/07
<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

## TECHNICAL REVIEW

Reviewed by Content Expert	Signature	Date
Operations Support		
Regional Transmission		
Grid Ops		
Market Ops		
Outage Management		
Scheduling		
Legal & Regulatory		

## APPROVAL

Approved By	Signature	Date
Director of Regional Transmission		
Director of Grid Operations		

 <b>California ISO</b> Your Link to Power	<b>Operating Procedure</b>	<b>Procedure No.</b>	M-438
		<b>Version No.</b>	1.4
		<b>Effective Date</b>	1/1/07
<b>Local Area Reliability Capacity Commitment</b>		<b>Distribution Restriction: None</b>	

## APPENDIX

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- Attachment A: PG&E Area Capacity Commitment
  - Attachment B: SCE Area Capacity Commitment
  - Attachment C: SDG&E Area Capacity Commitment
-



**California ISO**  
Your Link to Power

**Operating  
Procedure  
Attachment B**

<b>Procedure No.</b>	M-438B
<b>Version No.</b>	2.0
<b>Effective Date</b>	1/1/07

**SCE Area Capacity Commitment**

**Distribution Restriction:**  
None

<b>SCE Area Load (includes losses) (MWs) (excludes all Pump Load)</b>	<b>Generation Total (MWs)</b>
< 13,000	1050
13,000 - 13,999	1265
14,000 - 14,999	1480
15,000 - 15,999	1480
16,000 - 16,999	1480
17,000 - 17,999	1800
18,000 - 18,999	2975
19,000 - 19,999	3470
20,000 - 20,999	4165
21,000 - 21,999	5140
22,000 - 22,999	5810

**\*Notes:**

- 1) All transmission losses assumed in these load values are the same as those found in the Load forecasts.
- 2) The "SCE Load + Losses" in the above table is equivalent to SCE "Load Forecast" (which includes pump load) minus SCE Area "Pump Load Forecast."

Expressed mathematically:

$$\begin{aligned} \text{"SCE Service Area Load + Losses"} &= \\ \text{"SCE "Load Forecast"} - \text{SCE Area "Pump Load Forecast"} \end{aligned}$$

SCE "Load Forecast" and SCE Area "Pump Load Forecast" values are included in the "Daily IOU's Forecast Spreadsheet" e-mailed from CAISO Market Operations.

<b>Generation Plants to be used for Capacity Commitment</b>	
Alamitos	Harborgen
Indigo	Huntington Beach
El Segundo	Redondo
Etiwanda	Mountainview

\* Assumes commitment of non-listed resources like QF's and nuclear.

**ADVICE 2183-E**

**APPENDIX C**



Jim Detmers  
Vice President, Operations

May 4, 2007

Doug Parker  
Director of Energy Operations,  
Energy Supply and Management  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, CA 91770

RE: Operating Procedure M-438

Dear Mr. Parker:

As you are aware, Operating Procedure M-438 ("M-438") was recently modified. The modifications account for the reduction in generating capacity under CAISO Reliability Must-Run contracts in 2007 triggered by implementation of local capacity obligations as part of the California Public Utility Commission's ("CPUC") resource adequacy program. This letter responds to your request, raised during discussions regarding the M-438 modifications, that the CAISO clarify whether (1) the CAISO considers M-438 necessary after implementation of its Market Redesign and Technology Upgrade project ("MRTU") and (2) the CAISO agrees to further modify M-438 should the Federal Energy Regulatory Commission ("FERC") reverse its finding in *California Independent System Operator Corporation*, 117 FERC ¶ 61,348 at P 39 (2006) ("Amendment 60 Order") that the South of Lugo ("South of Lugo") Transformer Path represents a local constraint for generator must-offer cost allocation.

**1. The CAISO Anticipates Terminating M-438 Upon Implementation of MRTU**

In Decision 04-07-028, the CPUC clarified and modified prior directives concerning the obligation of the Investor Owned Utilities ("IOUs") to proactively assist the CAISO in managing transmission congestion and assuring local reliability. M-438 arose from that decision and describes the procedures guiding how the IOUs will commit and schedule local area generation in the CAISO's current Day-Ahead scheduling process to reduce must-offer waiver denial and real-time redispatch costs. The CPUC explicitly intended the resulting procedures to be a "bridge" until long-term solutions are implemented. MRTU and resource adequacy, including local capacity requirements, represent the long-term solutions.

With that background, the CAISO agrees that continuation of M-438, in its basic structure if at all, is inappropriate following implementation of MRTU when coupled with the CPUC's adoption of system-wide and local capacity requirements and their accompanying obligation to offer that capacity into the CAISO's markets. MRTU triggers an environment fundamentally different from the one that motivated D.04-07-028 by eliminating the balanced scheduling requirement, creating a Day-Ahead Market in which SCE and other load serving entities are required to offer capacity procured under resource adequacy programs, and utilizing a full network model to ensure feasible and efficient resource dispatch. The CAISO acknowledges that the result of these changes is to alter the nature of SCE's responsibility for ensuring reliable grid operations in a manner that is incompatible with the commitment obligations reflected in M-438. However, the CAISO notes that even upon implementation of MRTU, it will continue to monitor market conditions, and if necessary, cooperate with the CPUC and other Local Regulatory Authorities to ensure that load serving entities continue to retain the primary responsibility to procure and make available to the CAISO dispatchable capacity sufficient to maintain reliability. Further, the implementation of MRTU does not alter the CAISO's obligation to ensure that Applicable Reliability Criteria is satisfied and the CAISO will continue to utilize any available authority to comply with mandate.

CAISO  
151 Blue Ravine Road  
Folsom, California 95630  
(916) 351-4400

Mr. Doug Parker  
May 4, 2007  
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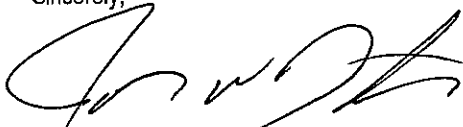
**2. The CAISO Anticipates the Need to Modify M-438 Should the South of Lugo Constraint Be Recategorized as a Zonal Constraint for Must-Offer Cost Allocation Purposes**

The CAISO understands that SCE recovers any "above market" costs incurred in complying with M-438 commitment requirements through its FERC-approved Reliability Services Rate Schedule from customers with loads located within SCE's historic control area. (SCE Transmission Owner Tariff, Appendix VI.) The most recent version of M-438 has been developed to account for, among other things, generation capacity necessary to support specific South of Lugo flow levels. Accordingly, the allocation of costs reflected in SCE's Reliability Services Rate Schedule conforms to the characterization by FERC in the Amendment 60 Order that the South of Lugo constraint constitutes a local reliability concern.

SCE has asserted on rehearing of the Amendment 60 Order that capacity committed to support South of Lugo flow levels is more appropriately categorized as addressing a zonal reliability problem. To the extent FERC reverses itself and recategorizes the South of Lugo constraint as zonal, the CAISO agrees to revise M-438 to conform to the FERC decision on rehearing and, if necessary, accounting for South of Lugo capacity needs through CAISO must-offer waiver denials and its cost allocation rules.

I hope the foregoing responds to your requests. The CAISO greatly appreciates SCE's continued cooperation and efforts to support reliable grid operations. If you have any further questions, please feel free to contact me.

Sincerely,



Jim Detmers  
Vice President, Operations

Cc: S. Gallagher - CPUC  
K. Edson - CAISO  
M. Ford - CAISO  
G. Rosenblum - CAISO

*J. McINTOSH - CAISO*  
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