23.4.3 Sanctions

23.4.3.1 Types of Sanctions

The ISO may impose financial penalties on a Market Party in amounts determined as specified below.

23.4.3.2 Imposition

The ISO shall impose financial penalties as provided in this Section 23.4.3, if the ISO determines in accordance with the thresholds and other standards specified in this Attachment H that*:* (i) a Market Party has engaged in physical withholding, including providing the ISO false information regarding the derating or outage of an Electric Facility; or (ii) a Market Party or its Affiliates have failed to follow the ISOs dispatch instructions in real-time, resulting in a different output level than would have been expected had the Market Party's or the Affiliate's generation followed the ISO's dispatch instructions, and such conduct has caused a material increase in one or more prices or guarantee payments in an ISO Administered Market; or (iii) a Market Party has made unjustifiable changes to one or more operating parameters of a Generator that reduce its ability to provide Energy or Ancillary Services; or (iv) a Load Serving Entity has been subjected to a Penalty Level payment in accordance with Section 23.4.4 below; or (v) a Market Party has submitted inaccurate fuel type or fuel price information that is used by the ISO in the development of a Generator's reference level, where the inaccurate reference level that is developed, in turn, directly or indirectly impacts guarantee payments or market clearing prices paid to the Market Party; or (vi) the opportunity to submit Incremental Energy Bids into the real-time market that exceed Incremental Energy Bids made in the Day-Ahead Market or mitigated Day-Ahead Incremental Energy Bids where appropriate, has been revoked for a Market Party's Generator pursuant to Sections 23.4.7.2 and 23.4.7.3 of these Mitigation Measures.

23.4.3.3 Base Penalty Amount

23.4.3.3.1 Except for financial penalties determined pursuant to Sections 23.4.3.3.2, 23.4.3.3.3, and 23.4.3.3.4 below, financial penalties shall be determined by the product of the Base Penalty Amount, as specified below, times the appropriate multiplier specified in Section 23.4.3.4:

MW meeting the standards for mitigation during Mitigated Hours * Penalty market-clearing price.

23.4.3.3.1.1 For purposes of determining a Base Penalty Amount, the term "Mitigated Hours" shall mean: (i) for a Day-Ahead Market, the hours in which MW were withheld; (ii) for a Real-Time Market, the hours in the calendar day in which MW were withheld; and (iii) for load Bids, the hours giving rise to Penalty Level payments.

23.4.3.3.1.2 For purposes of determining a Base Penalty Amount, the term "Penalty market-clearing price" shall mean: (i) for a withholding seller, the LBMP or other market-clearing price at the generator bus of the withheld resource (or in the relevant Load Zone, if a clearing price is not calculated at the generator bus); and (ii) for a Load Serving Entity, its zonal LBMP.

23.4.3.3.2 Failure to Follow ISO Dispatch Instructions

The financial penalty for failure to follow ISO's dispatch instructions in real-time, resulting in real-time operation at a different output level than would have been expected had the Market Party's or the Affiliate's generation followed the ISO's dispatch instructions, if the conduct violates the thresholds set forth in Sections 23.3.1.1.1.2, or 23.3.1.3.1.2 of these Mitigation Measures, and if a Market Party

or its Affiliates, or at least one Generator, is determined to have had impact in accordance with Section 23.3.2.1 of these Mitigation Measures, shall be:

One and a half times the estimated additional real time LBMP and Ancillary Services revenues earned by the Generator, or Market Party and its Affiliates, meeting the standards for impact during intervals in which MW were not provided or were overproduced.

23.4.3.3.3 Inaccurate Fuel Type and/or Fuel Price Information

If inaccurate fuel type and/or fuel price information was submitted by or for a Market Party, and the reference level that the ISO developed based on that inaccurate information impacted guarantee payments or market clearing prices paid to the Market Party in a manner that violates the thresholds specified in this Section 23.4.3.3.3, then, following consultation with the Market Party regarding the appropriate fuel type and/or fuel price, the ISO shall apply the penalty set forth below, unless: (i) the Market Party shows that the information was submitted in compliance with the requirements of Section 4.1.9 of the ISO Services Tariff (Cost Recovery for Units Responding to Local Reliability Rules Addressing Loss of Generator Gas Supply~~Incremental Cost Recovery for Units Responding to Local Reliability Rule I-R3 or I-R5~~), or (ii) the total penalty calculated for a particular Day-Ahead or Real-Time Market day is less than $5,000, in which case the ISO will not apply a penalty.

23.4.3.3.3.1 ~~Day-Ahead~~ Inaccurate Fuel Type and/or Fuel Price Information Conduct and Market Impact Tests

23.4.3.3.3.1.1 ~~Day-Ahead~~ Inaccurate Fuel Type and/or Fuel Price Information Conduct Test

Using the higher of (a) a revised reference level calculated using the Generator's actual fuel costs, or (b) the reference level that would have been in place for the Generator but for the submission of inaccurate fuel type and/or fuel price information, test the Bids to determine if they violate the relevant conduct threshold in accordance with the appropriate provision(s) of Section 23.3.1.2 of these Mitigation Measures.

23.4.3.3.3.1.2 Inaccurate Fuel Type and/or Fuel Price Information ~~Day-Ahead~~ Impact Test

Using the higher of (a) a revised reference level calculated using the Generator's actual fuel costs, or (b) the reference level that would have been in place for the Generator but for the submission of inaccurate fuel type and/or fuel price information, test the Bids for both LBMP and guarantee payment impact in accordance with the appropriate provisions of Section 23.3.2.1 of these Mitigation measures.

23.4.3.3.3.1.2.1 ~~However, t~~The ISO shall perform the ~~Day-Ahead~~ guarantee payment impact test for Generators that are committed in the Day-Ahead Market for local reliability or in the Real-Time Market via an SRE, and that are not located in a Constrained Area, at the 50% increase Constrained Area threshold specified in Section 23.3.2.1.2 of these Mitigation Measures.

23.4.3.3.3.1.3 Day-Ahead Reliability Commitments in a Constrained Area

Consistent with Section 23.5.2 of these Mitigation Measures, the conduct and impact thresholds for In-City Generators committed in the Day-Ahead Market for local reliability shall each be zero.

~~23.4.3.3.3.2 Real-Time Conduct and Market Impact Tests~~

~~23.4.3.3.3.2.1 Real-Time Conduct Test~~

~~Using the higher of (a) a revised reference level calculated using the Generator's actual fuel costs, or (b) the reference level that would have been in place for the Generator but for the submission of inaccurate fuel type and/or fuel price information, test the Bids to determine if they violate the relevant conduct threshold in accordance with the appropriate provision(s) of Section 23.3.1.2 of these Mitigation Measures~~

~~23.4.3.3.3.2.2 Real-Time LBMP Impact Test~~

~~Each of the Market Party's Bids for a Generator will be treated as having a Real-Time Market LBMP impact if (1) the higher of (a) a revised reference level calculated using the Generator's actual fuel costs, or (b) the reference level that would have been in place for the Generator but for a Market Party's submission of inaccurate fuel type and/or fuel price information, is less than or equal to the real-time LBMP at the PTID that represents the Generator's location, and (2) the lesser of (x) the Generator's Bid, or (y) the reference level that was actually used to test the Bid for LBMP impact in the Real-Time Market for that hour, is greater than or equal to the real-time LBMP at the PTID that represents the Generator's location.~~

~~23.4.3.3.3.2.3 Real-Time Guarantee Payment Impact Test~~

~~Using the greater of (a) a revised reference level calculated using the Generator's actual fuel costs, or (b) the reference level that would have been in place for the Generator but for the submission of inaccurate fuel type and/or fuel price information, test the Bids for guarantee payment impact in accordance with the appropriate provisions of Section 23.3.2.1 of these Mitigation Measures. However, the ISO shall perform the real-time guarantee payment impact test for Generators that are committed outside the ISO's economic merit order selection process via a SRE, and that are not located in a Constrained Area, at the 50% increase Constrained Area threshold specified in Section 23.3.2.1.2 of these Mitigation Measures.~~

23.4.3.3.3.2~~3~~ Inaccurate Fuel Type and/or Fuel Price Information ~~Day-Ahead Market~~ Penalty Calculation

If the results of the ~~Day-Ahead Market~~ impact test indicate that the Market Party's Bid had either LBMP or guarantee payment impact then the ISO shall charge the Market Party a penalty, calculated separately for the Day-Ahead Market and the Real-Time Market for each penalized day, for each of its Generators, ~~for each hour of the day,~~ as follows:

Daily Penalty (for either the Day-Ahead or the Real-Time Market) =

max [(Multiplier ×~~*~~ [Σ_g ▲ ~~Day-Ahead~~ BPCG payment$_g$] +

(Multiplier) × Σ_h Σ_g ([Market Party MWh$_{gh}$] ×~~x~~ [▲ ~~Day-Ahead~~ LBMP@PTID$_{gh}$]) +

max [Σ_h TCC Revenue Calc for Market Party$_h$, 0]), 0]

Where:

g = ~~an index running across all~~each of the Market Party's Generators.

h = (a) for the purpose~~s~~ of ~~this Section 23.4.3.3.3~~calculating Day-Ahead Market penalties for a given day, h is ~~an index running across all~~each hour~~s~~ of th~~at~~e day in which inaccurate fuel type or fuel price information was supplied in the Day-Ahead Market for any of the Market Party's Generators, provided that one of the Day-Ahead Bids in that hour "h" for at least one of the Market Party's Generators failed the LBMP or guarantee payment impact test described in Section 23.4.3.3.3.1.2 of these Mitigation Measures, or (b) for the purpose of calculating Real-Time Market penalties for a given day, h is each hour of that day in which inaccurate fuel type or fuel price information was supplied in the Real-Time Market for any of the Market Party's Generators, provided that one of the Real-Time Bids in that hour "h" for at least one of the Market Party's Generators failed the LBMP or guarantee payment impact test described in Section 23.4.3.3.3.1.2 of these Mitigation Measures.

Multiplier = a factor of 1.0 or 1.5. The ISO shall use a 1.0 Multiplier if the Market Party has not been penalized for inaccurately reporting fuel type or fuel price information ~~in the Day-Ahead Market~~ over the 6 months prior to the market-day for which the penalty is being calculated. In all other cases the ISO shall use a 1.5 Multiplier.

▲ ~~Day-Ahead~~ BPCG payment$_g$ = (a) for the purpose of calculating Day-Ahead Market penalties for a given day, the change in the Day-Ahead Market guarantee payment ~~that the Market Party receives~~ for that day for Generator g

determined when the ISO performs the ~~Day-Ahead Market~~ guarantee payment impact test in accordance with Section 23.3.2.1.2 of these Mitigation Measures, or (b) for the purpose of calculating Real-Time Market penalties for a given day, the change in the Real-Time guarantee payment for that day for Generator g determined when the ISO performs the guarantee payment impact test in accordance with Section 23.3.2.1.2 of these Mitigation Measures.

Market Party MWh_{gh} = (a) for the purpose of calculating Day-Ahead Market penalties, the MWh of Energy scheduled in the Day-Ahead Market for Generator g in hour h; or (b) for the purpose of calculating Real-Time Market penalties, the maximum of (1) the MWh of Energy that Generator g was scheduled to produce in the Day-Ahead Market in hour h, or (2) the MWh of Energy that Generator g was scheduled to produce in the Real-Time Market in hour h, or (3) the MWh of Energy produced by Generator g that was scheduled to produce energy in hour h in the Real-Time Market.

▲ ~~Day-Ahead~~ $LBMP@PTID_{gh}$ = (a) for the purpose of calculating Day-Ahead Market penalties, the change in the Day-Ahead Market LBMP for hour h at the location of Generator g, as determined when the ISO performs the relevant ~~Day-Ahead Market~~ LBMP impact test in accordance with Section 23.3.2.1.1 or 23.3.2.1.3 of these Mitigation Measures, or (b) for the purpose of calculating Real-Time Market penalties, the change in the real-time LBMP for hour h at the location of Generator g, as determined when the ISO performs the relevant LBMP impact test in accordance with Section 23.3.2.1.1 or 23.3.2.1.3 of these Mitigation Measures.

TCC Revenue Calc for Market Party$_h$ = (a) for the purpose of calculating Day-Ahead Market penalties, the change in TCC Revenues that the Market Party receives for hour h, determined when the ISO performs the relevant Day--Ahead Market LBMP impact test, or (b) for the purpose of calculating Real-Time Market penalties, zero.

~~23.4.3.3.3.4 Real-Time Market Penalty Calculation~~

~~If the results of either of the Real-Time Market impact tests indicate that the Minimum Generation Bid or Incremental Energy Bid submitted for a Market Party's Generator had either LBMP or guarantee payment impact then the ISO shall charge the Market Party a penalty, calculated for each penalized day, for each of its Generators, for each hour of the day, as follows:~~

~~Daily Penalty = Max [(Multiplier * Σ_g [▲ simplified guarantee payment$_g$]) + Σ_h Σ_g (Multiplier * [original reference level$_{gh}$ – updated reference level$_{gh}$]) * max [MWh DAM$_{gh}$, MWh RT$_{gh}$, Market Party MWh$_{gh}$, 0], 0]~~

~~Where~~

~~g = an index running across all the Market Party's Generators~~

~~h = an index running across all hours of the day in which inaccurate fuel type or fuel price information was supplied for any of the Market Party's Generators; provided that one of the Bids in that hour "h" for at least one of the Market Party's Generators must have had a Real Time Market LBMP or guarantee payment impact in accordance with Sections 23.4.3.3.3.2.2 or 23.4.3.3.3.2.3 of these Mitigation Measures~~

~~Multiplier = a factor of 1.0 or 1.5. The ISO shall use a 1.0 Multiplier if the Market Party has not been penalized for inaccurately reporting fuel type or fuel price information in the Real-Time Market over the 6 months prior to the market-day for which the penalty is being calculated. In all other cases the ISO shall use a 1.5 Multiplier.~~

~~Updated reference level$_{gh}$ = greater of a revised reference level calculated using the actual fuel costs of Generator g in hour h, or the reference level that would have been in place for the Generator in hour h, but for the Market Party's submission of inaccurate fuel type and/or fuel price information~~

~~Original reference level$_{gh}$ = the lesser of the Market Party's Bids or the reference level for Generator g in hour h actually used in the Real-Time Market to perform conduct and impact testing of the Market Party's Bids~~

~~MWh DAM$_{gh}$ = the MWh that Generator g was scheduled to produce in the Day-Ahead Market in hour h~~

~~MWh RT$_{gh}$ = the MWh that Generator g was scheduled to produce in the Real-Time Market in hour h~~

~~Market Party MWh$_{gh}$ = MWh produced by Market Party's Generator g that was scheduled to produce energy in hour h in the Real-Time Market~~

~~▲ simplified guarantee payment$_{g}$ = the change in the Real-Time Market guarantee payment that the Market Party receives for Generator g, determined when the ISO performs a simplified Bid Production Cost guarantee payment impact test using the threshold specified in Section 23.3.2.1.2 of these Mitigation Measures. The simplified guarantee payment shall be based upon actual Real-~~

~~Time Bids, actual Real-Time Generator LBMPs, and reference levels that are the greater of (a) a revised reference level calculated using the Generator's actual fuel costs, or (b) the reference level that would have been in place for the Generator but for the submission of inaccurate fuel type and/or fuel price information~~

23.4.3.3.4 Virtual Bidding Penalty

If the opportunity to submit Incremental Energy Bids into the ~~r~~Real-~~t~~Time ~~m~~Market that exceed Incremental Energy Bids made in the Day-Ahead Market or mitigated Day-Ahead Incremental Energy Bids where appropriate, has been revoked on a Market Party's Generator pursuant to Sections 23.4.7.2 and 23.4.7.3 of these Mitigation Measures, then the following virtual market penalty may be imposed on the Market Party:

Virtual market penalty = (Virtual Load MWs) * (Amount by which the hourly integrated real-time LBMP exceeds the day-ahead LBMP applicable to the Virtual Load MWs)

WHERE:

Virtual Load MWs are the scheduled MWs of Virtual Load Bid by the Market Party in the hour for which an increased real-time Bid for the Market Party's Generator failed the test specified in Section 23.4.7.2 of these Mitigation Measures; and

LBMP is the LBMP at which the Virtual Load MWs settled in the Day-Ahead and real-time Markets.

23.4.3.3.5 No Revisions to Real-Time LBMPs

Real-Time LBMPs shall not be revised as a result of the imposition of a financial obligation as specified in this Section 23.4.3.3, except as may be specifically authorized by the Commission.