

178 FERC ¶ 61,181  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Richard Glick, Chairman;  
James P. Danly, Allison Clements,  
Mark C. Christie, and Willie L. Phillips.

California Independent System Operator Corporation      Docket No. ER21-1790-005

ORDER ON COMPLIANCE FILING

(Issued March 15, 2022)

1. On July 26, 2021, as supplemented by a filing on August 4, 2021, the California Independent System Operator Corporation (CAISO) submitted proposed revisions to its Open Access Transmission Tariff (Tariff) to comply with the Commission's directive in an order issued on June 25, 2021.<sup>1</sup> In this order, we accept in part, and reject in part, CAISO's compliance filing.

**I. Background**

2. In the June 2021 Order, the Commission accepted Tariff revisions to modify CAISO's load, export, and wheeling through transaction priorities. However, the Commission also found that "the penalty pricing parameters that determine the relative scheduling priorities of transactions in the CAISO market optimization software must be in the Tariff."<sup>2</sup> The Commission determined that these penalty prices significantly affect the conditions of service on the CAISO transmission system. Thus, the Commission directed CAISO to submit a compliance filing within 30 days of the date of the June 2021 Order that "incorporates the penalty pricing parameters associated with the revised scheduling priorities into the relevant sections of the CAISO Tariff."<sup>3</sup>

**II. Compliance Filing**

3. In its compliance filing, CAISO submitted Tariff revisions to reflect the penalty pricing parameters associated with the revised scheduling priorities. Specifically, CAISO proposes to add tables to Tariff sections 31.4, 34.12.1, and 34.12.2 that list the revised

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 175 FERC ¶ 61,245 (2021) (June 2021 Order).

<sup>2</sup> *Id.* P 167.

<sup>3</sup> *Id.*

scheduling priorities and associated penalty pricing parameters,<sup>4</sup> and to make related revisions to specify which set of pricing parameters will be triggered, depending on whether CAISO has accepted a bid that exceeds the soft energy bid cap.<sup>5</sup> CAISO states that these revisions reflect the relative scheduling priorities accepted in the June 2021 Order.<sup>6</sup>

4. In addition, CAISO proposes to add a new Tariff provision that provides a process for making temporary changes to the pricing parameter values when necessary to ensure feasible market solutions or avoid future operational or reliability problems the resolution of which would require recurring operator intervention outside of normal market scheduling procedures (Parameter Change Procedure). CAISO acknowledges that the Commission did not direct CAISO to submit this modification in the June 2021 Order, but asserts that the Commission can accept a compliance filing that contains changes that are consistent with the findings in the underlying order, even if the Commission did not expressly direct the exact changes. Further, CAISO argues that the Commission will accept a compliance filing that includes changes not expressly required by the underlying order if those changes closely and plainly relate to the compliance requirement, share a common factual nexus with the compliance filing, and do not undo or contravene the compliance requirements. CAISO contends that the Parameter Change Procedure constitutes such a change because CAISO currently has this authority in the business practice manuals but will lose the authority to make changes on an expedited basis if the Commission does not accept this aspect of the compliance filing.<sup>7</sup>

5. CAISO asserts that three other independent system operators (ISO) and regional transmission organizations (RTO) have tariff provisions permitting them to make temporary changes to the transmission constraint penalty factor values specified in their tariffs.<sup>8</sup> Further, CAISO contends that, in Order No. 844,<sup>9</sup> where the Commission

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<sup>4</sup> Compliance Filing at 2-5.

<sup>5</sup> CAISO Tariff, Proposed §§ 27.4.3.2 and 27.4.3.3.

<sup>6</sup> Compliance Filing at 2, 5.

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

<sup>8</sup> *Id.* at 6 (citing MISO, OATT, Schedule 28A, § 3.3 (32.0.0); NYISO, NYISO Tariffs, Market Administration and Control Area Services Tariff, § 17.1. (33.0.0), § 17.1.4; PJM, OATT, attach. K, – app. § 5.6 (1.1.0) § 5.6.3).

<sup>9</sup> *Uplift Cost Allocation and Transparency in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 844, 163 FERC ¶ 61,041 (2018).

required each ISO and RTO to include in its tariff its transmission constraint penalty factor values, the Commission also permitted them to include any procedures for temporarily changing such values with “notice of the change to market participants.”<sup>10</sup> CAISO states that, under its proposed Parameter Change Procedure, it would be able to temporarily modify a pricing parameter for up to 90 days, provided that it: (1) makes a Federal Power Act (FPA) section 205 filing within 30 days of the modification; (2) consults with the Commission and Department of Market Monitoring as soon as reasonably possible after implementing a temporary modification;<sup>11</sup> and (3) notifies market participants of any temporary modification and explains the reasons for the change.<sup>12</sup>

6. In its supplemental compliance filing, CAISO notes that, after it submitted its initial compliance filing, several stakeholders expressed concern that the Parameter Change Procedure could be interpreted as permitting CAISO to temporarily change the relative scheduling priorities themselves through changes to the pricing parameter values. Thus, CAISO proposes an additional Tariff revision to clarify that the Parameter Change Procedure “does not authorize the CAISO to change the scheduling run parameter values in a manner that changes the relative scheduling run priorities specified in sections 31.4, 34.12.1, and 34.12.2.”<sup>13</sup>

7. CAISO requests that the compliance filing Tariff provisions become effective on the same date as the underlying scheduling priority Tariff provisions accepted in the June 2021 Order.<sup>14</sup>

### **III. Notice and Responsive Pleadings**

8. Notice of CAISO’s July 26, 2021 compliance filing was published in the *Federal Register*, 86 Fed. Reg. 41,467 (Aug. 2, 2021), with interventions and protests due on or before July 30, 2021. Notice of CAISO’s August 4, 2021 supplemental compliance

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<sup>10</sup> *Id.* PP 121-122.

<sup>11</sup> CAISO notes that, if circumstances reasonably allow, it will consult with the Commission and Department of Market Monitoring before implementing any such modification. Compliance Filing at 7.

<sup>12</sup> *Id.*

<sup>13</sup> Supplemental Compliance Filing at 3-4.

<sup>14</sup> *Id.* at 5. We note that the Tariff provisions accepted in the June 2021 Order became effective as of August 4, 2021.

filing was published in the *Federal Register*, 86 Fed. Reg. 44,012 (Aug. 11, 2021), with interventions and protests due on or before August 25, 2021. None was filed.

#### IV. Discussion

9. We accept in part, and reject in part, the Tariff revisions proposed by CAISO in its compliance filing. In the June 2021 Order, the Commission directed CAISO to submit Tariff revisions that incorporate “the penalty pricing parameters associated with the revised scheduling priorities into the relevant sections of the CAISO Tariff.”<sup>15</sup> This was the only change the Commission directed. In its compliance filing, however, CAISO proposes to create a new Parameter Change Procedure that was not part of the June 2021 Order’s compliance directive. The Commission has held that compliance filings should only address those specific directives ordered by the Commission.<sup>16</sup> We therefore reject the proposed Parameter Change Procedure as outside the scope of the compliance directive.<sup>17</sup>

10. Accordingly, we accept only those Tariff revisions pertaining to the pricing parameter values themselves, i.e., the tables themselves and the associated references to those tables in section 27 of the Tariff, effective August 4, 2021, as requested by CAISO. We also direct CAISO to submit a compliance filing within 30 days of the date of this order to reflect the removal of the Parameter Change Procedure.

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<sup>15</sup> June 2021 Order, 175 FERC ¶ 61,245 at P 167.

<sup>16</sup> See, e.g., *PJM Interconnection LLC*, 119 FERC ¶ 61,179, at P 12 (2007) (“The purpose of a compliance filing is to make the directed changes and the Commission’s focus in reviewing them is whether they comply with the Commission’s previously stated directives”); *El Paso Nat. Gas Co.*, 115 FERC ¶ 61,280, at P 5 (2006) (“A compliance filing may not include new proposed tariff provisions not addressed in the Commission’s order, and the Commission will reject a compliance filing that goes beyond the scope of the directives in the Commission’s order.”).

<sup>17</sup> We note that, in a contemporaneously issued order, the Commission denied CAISO’s request for clarification or rehearing of the June 2021 Order to find that the Parameter Change Procedure revision is permitted under that order’s compliance directive. *Cal. Indep. Sys. Operator Corp.* 178 FERC ¶ 61,180 (2022). If CAISO wishes to pursue such a change to its tariff, it can submit a filing under section 205 of the FPA with appropriate support.

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The Commission orders:

(A) CAISO's compliance filing is hereby accepted in part, and rejected in part, as discussed in the body of this order.

(B) CAISO is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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