

178 FERC ¶ 61,237
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 31, 2022

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER22-869-000

California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attention: John C. Anders

Dear Mr. Anders:

1. On January 21, 2022, the California Independent System Operator Corporation (CAISO) submitted, pursuant to section 205 of the Federal Power Act,¹ and part 35 of the Commission's regulations,² revisions to its Open Access Transmission Tariff (Tariff) to create the new roles of Energy Imbalance Market (EIM) Sub-Entity and EIM Sub-Entity Scheduling Coordinator and to incorporate three new associated *pro forma* agreements.³ As discussed below, we accept the proposed Tariff revisions, effective April 1, 2022, as requested.

2. Currently, EIM Entities are responsible for the scheduling, bidding, and settling of all loads, interchange transactions, and non-participating resources within their balancing authority area (BAA). Each EIM Entity Scheduling Coordinator is responsible for submitting generation base schedules for all participating and non-participating resources

¹ 16 U.S.C. § 824d.

² 18 C.F.R. § 35.13 (2021).

³ The corresponding eTariff records are listed in the Appendix.

in the EIM Entity's BAA.⁴ The CAISO market settles the energy differences between the resource meter and the resource base schedule for participating resources with the EIM Participating Resource Scheduling Coordinator(s). CAISO settles the energy difference between the resource meter and the resource base schedule for non-participating resources with the EIM Entity Scheduling Coordinator.⁵

3. In this filing, CAISO proposes to establish EIM Sub-Entity and EIM Sub-Entity Scheduling Coordinator roles to allow one or more electric utilities embedded within a single BAA to individually participate in the EIM. To establish these new roles, CAISO proposes (1) new language and revisions to existing provisions in section 29 of the CAISO Tariff, (2) new definitions specific to these roles in Appendix A of its Tariff, and (3) three new *pro forma* agreements in Appendix B of its Tariff.⁶ Because the proposed EIM Sub-Entity agreements and associated Tariff provisions must be in effect at least 12 months before the anticipated spring 2023 implementation date, CAISO requests an April 1, 2022 effective date.⁷

4. Under CAISO's proposal, an EIM Sub-Entity must: (1) be an electric utility located in an EIM Entity BAA that owns a distribution or transmission system and serves eligible customers from one or more resources it owns and (2) obtain authorization from the relevant EIM Entity.⁸ CAISO states that these entities depend upon transmission service from the host EIM Entity, at least in part, to meet their regulatory obligations. CAISO asserts that, as a result, they are more likely to have a well-defined service territory bounded by distribution-transmission interfaces, which allows for more accurate forecasting, modeling, scheduling, and accounting for their associated loads and non-participating resources in the EIM.

5. CAISO explains that each EIM Sub-Entity will function as its own load serving entity with its own load aggregation point for the EIM Sub-Entity area, submitting demand forecasts to both CAISO and the EIM Entity. Each EIM Sub-Entity must have an EIM Sub-Entity Scheduling Coordinator responsible for scheduling and financially settling non-participating loads and resources directly in the EIM, as well as submitting

⁴ CAISO Tariff, § 29.34(f).

⁵ *Id.* § 29.11(b).

⁶ The three *pro forma* agreements include an EIM Sub-Entity Agreement, EIM Sub-Entity Scheduling Coordinator Agreement, and EIM Sub-Entity Implementation Agreement. Transmittal at 2.

⁷ *Id.* at 2, 21.

⁸ Proposed CAISO Tariff § 29.2(c)(1); Transmittal at 7-8.

base schedules to, and creating a direct relationship with, CAISO. CAISO states that settlements and invoicing associated with loads and resources would be performed at the EIM Entity and/or the EIM Sub-Entity Scheduling Coordinator level, depending on the scheduling coordinator responsible.⁹ CAISO explains that the EIM Entity will remain responsible for overall reliability within its BAA, continuing to perform the capacity and flexible ramping test as part of the resource sufficiency evaluation at the EIM Entity level and deciding whether to allow the EIM Sub-Entity to use its own supply or load forecast.¹⁰

6. CAISO states that an EIM Entity, as the balancing authority responsible for reliability in its own BAA, will decide at its sole discretion whether to allow EIM Sub-Entity participation within that BAA.¹¹ CAISO also notes that an EIM Entity may not have the financial or operational capabilities to support participation by even a limited number of EIM Sub-Entities within its BAA. If an EIM Entity allows EIM Sub-Entity participation within its BAA, the EIM Entity may (1) enable participation by any electric utility within its BAA that qualifies as an EIM Sub-Entity pursuant to CAISO's qualification criteria in proposed Tariff section 29.2(c)(1) or (2) limit participation by otherwise qualified electric utilities, provided that the EIM Entity finds that there is a "supportive existing and accepted contractual or tariff based practice for imbalance energy accounting" that distinguishes the EIM Sub-Entity from other transmission customers.¹²

7. CAISO explains that an EIM Entity's authorization of EIM Sub-Entity participation within its BAA should be developed through the EIM Entity's applicable regulatory process, most likely by amendment of the EIM Entity's open access transmission tariff (OATT), prior to CAISO implementing EIM Sub-Entity services. CAISO states that this authorization will also require a written agreement between the EIM Entity and EIM Sub-Entity to address matters specific to EIM Sub-Entity participation within the EIM Entity BAA.¹³

8. CAISO explains that, if an electric utility desires to become an EIM Sub-Entity, it must notify CAISO that the EIM Entity has authorized its participation and that it meets the EIM Sub-Entity qualifications. CAISO proposes to require the EIM Sub-Entity

⁹ Transmittal at 9, 12.

¹⁰ *Id.* at 8-12.

¹¹ *Id.* at 6; Proposed CAISO Tariff § 29.2(c)(2).

¹² Proposed CAISO Tariff § 29.2(c)(2)(c); Transmittal at 7-8.

¹³ Transmittal at 7.

to execute the proposed EIM Sub-Entity Implementation Agreement with CAISO, which provides CAISO compensation for the actual start-up costs incurred to partition the EIM Sub-Entity from the EIM Entity BAA and establishes the implementation date for the EIM Sub-Entity's participation.¹⁴ CAISO proposes that any electric utility that will become an EIM Sub-Entity must then enter into the proposed EIM Sub-Entity Agreement and, if it chooses to be its own EIM Sub-Entity Scheduling Coordinator, the proposed EIM Sub-Entity Scheduling Coordinator Agreement, no later than 90 days before its designated implementation date.¹⁵

9. Notice of CAISO's filing was published in the *Federal Register*, 87 Fed. Reg. 252,820 (Jan. 28, 2022), with interventions and protests due on or before February 11, 2022. Timely motions to intervene were filed by Calpine Corporation, Pacific Gas & Electric Company, Southern California Edison Company, City of Santa Clara, City of Redding, Modesto Irrigation District, Arizona Electric Power Cooperative, Inc., and Western Area Power Administration. No protests were filed.

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2021), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

11. We accept CAISO's proposed Tariff revisions and *pro forma* agreements, effective April 1, 2022, as requested. We find that the proposed revisions appear to be just and reasonable, and have not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. CAISO's proposal will enable qualified embedded utilities to establish a direct relationship with CAISO for scheduling and settlement purposes. Further, we find that CAISO's proposal to model each EIM Sub-Entity's load as a customized load aggregation point will allow it to settle load imbalances directly with the EIM Sub-Entity at more granular CAISO real-time market prices reflecting the conditions of the area in which load is served.

12. While we recognize the potential benefits of enabling EIM Sub-Entity participation, we find reasonable CAISO's proposal to provide the EIM Entity, as the balancing authority responsible for reliability in its own BAA, with discretion to allow EIM Sub-Entity participation within its BAA. We understand that some EIM Entities may not have the operational capability to support EIM Sub-Entity participation in their BAAs at this time. We note, however, that to the extent an EIM Entity elects to limit EIM Sub-Entity participation in its BAA based on existing tariff-based or contractual practices pursuant to proposed CAISO tariff section 29.2(c)(2)(c), an EIM Entity may

¹⁴ *Id.* at 18-19.

¹⁵ *Id.* at 8, 16. Third parties may also act as EIM Sub-Entity Scheduling Coordinators. *Id.* at 10.

not exercise undue discrimination or preference in applying such criteria. The Commission will consider whether an EIM Entity's proposed application of CAISO tariff section 29.2(c)(2)(c) is unduly discriminatory or preferential when the Commission reviews that EIM Entity's future OATT revisions filed under section 205 of the Federal Power Act to authorize EIM Sub-Entity participation within its BAA.¹⁶

By direction of the Commission.

Kimberly D. Bose,
Secretary.

¹⁶ 16 U.S.C. § 824d(b).

AppendixCalifornia Independent System Operator Corporation
CAISO eTariff

29.2, EIM Access To The Real-Time Market. (4.0.0)
29.4, Roles And Responsibilities. (4.0.0)
29.6, Communications (2.0.0)
29.7, EIM Operations Under Normal And Emergency Conditions. (3.0.0)
29.9, Outages and Critical Contingencies. (2.0.0)
29.10, Metering and Settlement Data (3.0.0)
29.11, Settlements and Billing for EIM Market Participants (17.0.0)
29.12, Creditworthiness. (1.0.0)
29.17, EIM Transmission System. (3.0.0)
29.26, Transmission Rates And Charges. (1.0.0)
29.28, Inter-SC Trades. (1.0.0)
29.30, Bid and Self-Schedule Submission for CAISO Markets (7.0.0)
29.31, Day-Ahead. (1.0.0)
29.34, EIM Operations (19.0.0)
29.39, EIM Market Power Mitigation. (4.0.0)
29.44, Flexible Ramping Product (3.0.0)
-, EIM Base Schedule (1.0.0)
-, EIM Downward Available Balancing Capacity (2.0.0)
-, EIM Manual Dispatch (1.0.0)
-, EIM Market Participant (1.0.0)
-, EIM Sub-Entity (0.0.0)
-, EIM Sub-Entity Agreement (0.0.0)
-, EIM Sub-Entity Implementation Agreement (0.0.0)
-, EIM Sub-Entity Implementation Date (0.0.0)
-, EIM Sub-Entity Scheduling Coordinator (0.0.0)
-, EIM Sub-Entity Scheduling Coordinator Agreement (0.0.0)
-, EIM Transmission Service Information (1.0.0)
-, EIM Transmission Service Provider (1.0.0)
-, EIM Upward Available Balancing Capacity (2.0.0)
Appendix B.24, EIM Sub-Entity Implementation Agreement (0.0.0)
Appendix B.25, EIM Sub-Entity Agreement (0.0.0)
Appendix B.26, EIM Sub-Entity Scheduling Coordinator Agreement (0.0.0)