

183 FERC ¶ 61,119
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

California Independent System Operator Corporation Docket Nos. ER21-2455-003
ER21-2455-004

ORDER ON COMPLIANCE FILING

(Issued May 18, 2023)

1. On June 17, 2022, the Commission issued an order accepting, subject to a further compliance filing,¹ a filing that California Independent System Operator Corporation (CAISO) made to comply with the requirements of Order No. 2222, which removes barriers to the participation of distributed energy resource aggregations in the capacity, energy, and ancillary service markets operated by Regional Transmission Organizations and Independent System Operators (RTO/ISO).²

2. On August 15, 2022, as amended on January 10, 2023, CAISO submitted further proposed revisions to its Open Access Transmission Tariff (Tariff)³ to comply with the First Compliance Order (Second Compliance Filing). In this order, we accept CAISO's Second Compliance Filing and grant its motion to amend the effective date of certain Tariff revisions to become effective no later than November 1, 2024, as discussed below. We also direct CAISO to notify the Commission of the actual effective date of the Tariff revisions within five business days of their implementation.

¹ *Cal. Indep. Sys. Operator Corp.*, 179 FERC ¶ 61,197 (First Compliance Order), *order on reh'g*, 181 FERC ¶ 61,035 (2022) (Rehearing Order).

² *Participation of Distributed Energy Res. Aggregations in Mkts. Operated by Reg'l Transmission Orgs. & Indep. Sys. Operators*, Order No. 2222, 172 FERC ¶ 61,247 (2020), *order on reh'g*, Order No. 2222-A, 174 FERC ¶ 61,197, *order on reh'g*, Order No. 2222-B, 175 FERC ¶ 61,227 (2021).

³ Appendix A lists the Tariff sections filed by CAISO. Capitalized terms that are not defined in this order have the meaning specified in Appendix A of the Tariff.

I. Background

3. In Order No. 2222, the Commission adopted reforms to remove barriers to the participation of distributed energy resource aggregations in the RTO/ISO markets.⁴ The Commission modified section 35.28 of its regulations⁵ pursuant to its authority under Federal Power Act (FPA) section 206⁶ to require each RTO/ISO to revise its tariff to ensure that its market rules facilitate the participation of distributed energy resource aggregations. The Commission found that, by removing barriers to the participation of distributed energy resource aggregations in the RTO/ISO markets, Order No. 2222 will enhance competition and, in turn, help ensure that the RTO/ISO markets produce just and reasonable rates.

4. In Order No. 2222, the Commission amended its regulations to require each RTO/ISO to include tariff provisions addressing distributed energy resource aggregations that: (1) allow distributed energy resource aggregations to participate directly in RTO/ISO markets and establish distributed energy resource aggregators as a type of market participant; (2) allow distributed energy resource aggregators to register distributed energy resource aggregations under one or more participation models that accommodate the physical and operational characteristics of the distributed energy resource aggregations; (3) establish a minimum size requirement for distributed energy resource aggregations that does not exceed 100 kilowatts (kW); (4) address locational requirements for distributed energy resource aggregations; (5) address distribution factors and bidding parameters for distributed energy resource aggregations; (6) address information and data requirements for distributed energy resource aggregations; (7) address metering and telemetry requirements for distributed energy resource aggregations; (8) address coordination between the RTO/ISO, the distributed energy resource aggregator, the distribution utility, and the relevant electric retail regulatory authorities (RERRAs); (9) address modifications to the list of resources in a distributed energy resource aggregation; and (10) address market participation agreements for distributed energy resource aggregators.⁷ Additionally, under Order No. 2222, each RTO/ISO must accept bids from a distributed energy resource aggregator if its aggregation includes distributed energy resources that are customers of utilities that distributed more than 4 million megawatt-hours in the previous fiscal year. An RTO/ISO must not accept bids from a distributed energy resource aggregator if its aggregation includes distributed energy resources that are customers of utilities that distributed

⁴ Order No. 2222, 172 FERC ¶ 61,247 at P 1.

⁵ 18 C.F.R. § 35.28 (2022).

⁶ 16 U.S.C. § 824e.

⁷ Order No. 2222, 172 FERC ¶ 61,247 at P 8.

4 million megawatt-hours (MWh) or less in the previous fiscal year, unless the RERRA permits such customers to be bid into RTO/ISO markets by a distributed energy resource aggregator.

5. On July 19, 2021, as amended on November 1, 2021, CAISO filed its initial proposal to comply with the requirements of Order No. 2222 (First Compliance Filing). On June 17, 2022, the Commission accepted CAISO's First Compliance Filing, subject to a further compliance filing.

II. Second Compliance Filing

6. On August 15, 2022, as amended on January 10, 2023, CAISO submitted its Second Compliance Filing. CAISO proposes revisions to its Tariff to comply with the requirements of Order No. 2222 as directed in the First Compliance Order. Specifically, CAISO proposes revisions to sections 4.17.3, 4.17.4, 4.17.5, 4.17.6, 4.17.7, 11.6.5.1, and 30.5.2.6 of its Tariff, and to Appendices A, B.21, and K of its Tariff. CAISO moves to amend the effective date for proposed revisions to Tariff sections 4.17.7, 11.6.5.1, and 30.5.2.6 from November 1, 2022, to a date of no later than November 1, 2024.⁸

III. Notice of Filing and Responsive Pleadings

7. Notice of CAISO's August 15, 2022 filing was published in the *Federal Register*, 87 Fed. Reg. 51,086 (Aug. 19, 2022), with interventions and protests due on or before September 6, 2022. None was filed. Notice of CAISO's January 10, 2023 amendment was published in the *Federal Register*, 88 Fed. Reg. 2907 (Jan. 18, 2023), with interventions and protests due on or before January 31, 2023. Pacific Gas and Electric Company (PG&E) timely filed comments.

IV. Discussion

8. As discussed below, we accept CAISO's Second Compliance Filing and grant CAISO's motion to amend the effective date for certain Tariff revisions to November 1, 2024.

9. As a preliminary matter, we find that CAISO has complied with the directives in the First Compliance Order relating to the following requirements of Order No. 2222: (1) provide that RTOs/ISOs may not accept bids from a distributed energy resource aggregator if its aggregation includes distributed energy resources that are customers of utilities that distributed 4 million MWh or less in the previous fiscal year, unless the RERRA allows such customers to be bid into RTO/ISO markets by a distributed energy

⁸ CAISO August 15, 2022 Compliance Filing, Transmittal at 11-13 (August 15 Transmittal).

resource aggregator;⁹ (2) allow distributed energy resource aggregators to register distributed energy resource aggregations under one or more participation models in the RTO's/ISO's tariff that accommodate the physical and operational characteristics of the distributed energy resource aggregation;¹⁰ (3) include appropriate restrictions on distributed energy resources' participation in RTO/ISO markets through distributed energy resource aggregations, if narrowly designed to avoid counting more than once the services provided by distributed energy resource aggregations in RTO/ISO markets;¹¹ (4) allow distributed energy resources that participate in one or more retail programs to participate in its wholesale markets;¹² (5) implement a minimum size requirement not to exceed 100 kW for all distributed energy resource aggregations;¹³ and (6) explain why its metering and telemetry requirements for distributed energy resource aggregations are just and reasonable and do not pose an unnecessary and undue barrier to individual distributed energy resources joining a distributed energy resource aggregation.¹⁴ Furthermore, CAISO's compliance with these requirements is not contested in this

⁹ First Compliance Order, 179 FERC ¶ 61,197 at PP 26-29. *See* August 15 Transmittal at 1-2; CAISO January 10, 2023 Amendment, Transmittal at 1 (January 10 Transmittal); CAISO, CAISO eTariff, app. B.21 (Distributed Energy Resource Provider Agreement) (3.0.0), § 4.1.4 (Small Utility Limits).

¹⁰ First Compliance Order, 179 FERC ¶ 61,197 at PP 48-50. *See* August 15 Transmittal at 2-3; CAISO, CAISO eTariff, §§ 4.17.3(h) (Requirements for Distributed Energy Resource Aggregations) (3.0.0), 4.17.7 (Distributed Energy Resource Aggregations with Demand Curtailment) (1.0.0), 11.6.5.1 (Settlement of Distributed Energy Resource Aggregations) (3.0.0), 30.5.2.6 (Supply Bids for Distributed Energy Resource Aggregations) (31.0.0), app. A (Definitions) (1.0.0).

¹¹ First Compliance Order, 179 FERC ¶ 61,197 at PP 106-107. *See* August 15 Transmittal at 3-4; CAISO, CAISO eTariff, § 4.17.3(g) (Requirements for Distributed Energy Resource Aggregations (3.0.0)).

¹² First Compliance Order, 179 FERC ¶ 61,197 at PP 108, 111. *See* August 15 Transmittal at 3-4; CAISO, CAISO eTariff, §§ 4.17.3 (Requirements for Distributed Energy Resource Aggregations (3.0.0)), 4.17.4 (Identification of Distributed Energy Resources (3.0.0)).

¹³ First Compliance Order, 179 FERC ¶ 61,197 at P 120. *See* August 15 Transmittal at 4; CAISO, CAISO eTariff, app. K (Ancillary Service Requirements Protocol (15.0.0)), § A.1.1.1, B.1.1, C.1.1.

¹⁴ First Compliance Order, 179 FERC ¶ 61,197 at P 173. *See* August 15 Transmittal at 4-8; CAISO, CAISO eTariff, § 4.17.5.2 (Characteristics of Distributed Energy Resource Aggregations (2.0.0)).

proceeding. Accordingly, we will not further address these issues in this order. We address all remaining compliance requirements and PG&E's comments below.

A. Coordination: Role of Distribution Utilities

10. In Order No. 2222, the Commission added section 35.28(g)(12)(ii)(g) to the Commission's regulations to require each RTO/ISO to revise its tariff to establish market rules that address coordination between the RTO/ISO, the distributed energy resource aggregator, the distribution utility, and the RERRAs.¹⁵ The Commission stated that coordination requirements should not create undue barriers to entry for distributed energy resource aggregations but must also consider the substantial role of distribution utilities and state and local regulators in ensuring the safety and reliability of the distribution system.¹⁶

11. The Commission stated that each RTO/ISO must coordinate with distribution utilities to develop a distribution utility review process that includes criteria by which the distribution utilities would determine whether (1) each proposed distributed energy resource is capable of participation in a distributed energy resource aggregation; and (2) the participation of each proposed distributed energy resource in a distributed energy resource aggregation will not pose significant risks to the reliable and safe operation of the distribution system.¹⁷

12. To support this distribution utility review process, the Commission stated that RTOs/ISOs must share with distribution utilities any necessary information and data about the individual distributed energy resources participating in a distributed energy resource aggregation.¹⁸ In Order No. 2222-A, the Commission clarified that the specific information regarding a distributed energy resource that is provided by a distribution utility to an RTO/ISO as part of the distribution utility review process should be shared with the distributed energy resource aggregator.¹⁹ The Commission explained that such information could include whether a resource: (1) affects the safety and reliability of the

¹⁵ Order No. 2222, 172 FERC ¶ 61,247 at P 278.

¹⁶ *Id.* P 279.

¹⁷ *Id.* P 292.

¹⁸ *Id.*; *see id.* PP 236-40.

¹⁹ Order No. 2222-A, 174 FERC ¶ 61,197 at P 75 (citing Order No. 2222, 172 FERC ¶ 61,247 at P 292).

distribution system; or (2) is capable of participating in an aggregation.²⁰ To the extent that a distribution utility declines to provide distributed energy resources with the information that they need to participate in RTO/ISO markets via an aggregation, the Commission stated that it expects that RTOs/ISOs will provide an avenue to facilitate those resources' participation, including, where appropriate, the use of the RTO/ISO dispute resolution procedures.²¹

13. In Order No. 2222, the Commission stated that the RTOs/ISOs must include potential impacts on distribution system reliability as a criterion in the distribution utility review process.²² The Commission clarified in Order No. 2222-A that, when the Commission found that RTOs/ISOs must include potential impacts on distribution system reliability as a criterion in the distribution utility review process, the Commission was referring specifically to any incremental impacts from a resource's participation in a distributed energy resource aggregation that were not previously considered by the distribution utility during the interconnection study process for that resource.²³

14. Finally, the Commission required each RTO/ISO to revise its tariff to incorporate dispute resolution provisions as part of its proposed distribution utility review process.²⁴ The Commission stated that each RTO/ISO should describe how existing dispute resolution procedures are sufficient or, alternatively, propose amendments to its procedures or new dispute resolution procedures specific to this subject.²⁵ In Order No. 2222-A, the Commission stated that disputes regarding the distribution utility review process—including those between non-host distribution utilities and a host distribution utility or the RTO/ISO—may be resolved through the RTO's/ISO's dispute resolution process, the Commission's Dispute Resolution Service, or complaints filed pursuant to FPA section 206 at any time.²⁶

²⁰ *Id.*

²¹ *Id.*

²² Order No. 2222, 172 FERC ¶ 61,247 at P 297.

²³ Order No. 2222-A, 174 FERC ¶ 61,197 at P 79 (citing Order No. 2222, 172 FERC ¶ 61,247 at P 297).

²⁴ Order No. 2222, 172 FERC ¶ 61,247 at P 299.

²⁵ *Id.*

²⁶ Order No. 2222-A, 174 FERC ¶ 61,197 at P 70 (citing Order No. 2222, 172 FERC ¶ 61,247 at P 299).

1. First Compliance Order

15. In the First Compliance Order, the Commission found that CAISO's proposal partially complied with the requirements of Order Nos. 2222 and 2222-A with respect to the role of the distribution utility. As relevant here, the Commission found that CAISO's proposal partially complied with the requirement to include criteria by which distribution utilities would determine whether each proposed distributed energy resource is capable of participating in a distributed energy resource aggregation.²⁷ The Commission directed CAISO to revise the language in its third criterion with respect to whether a Utility Distribution Company may raise concerns as to whether Distributed Energy Resources are participating in a retail net energy metering program that does not expressly permit wholesale market participation in proposed section 4.17.4 of the Tariff to comply with the requirements of Order No. 2222.²⁸

16. The Commission also found that CAISO's proposal partially complied with the requirement to develop a distribution utility review process that includes criteria by which the distribution utilities will determine whether the participation of each proposed distributed energy resource in a distributed energy resource aggregation will not pose significant risks to the reliable and safe operation of the distribution system.²⁹ The Commission explained that section 4.17.4 of CAISO's Tariff sets forth the distribution utility review process, but contains no provision that limits the scope of the utility's review as the Commission required.³⁰ Accordingly, the Commission directed CAISO to file a further compliance filing revising its Tariff to clarify that the scope of the distribution utility review of distribution system reliability impacts is limited to any incremental impacts from a resource's participation in a distributed energy resource aggregation that were not previously considered by the distribution utility during the interconnection study process for that resource.

17. The Commission also found that CAISO's proposal partially complied with the requirement to share specific information regarding a distributed energy resource that is provided by a distribution utility to an RTO/ISO as part of the distribution utility review process with the distributed energy resource aggregator.³¹ The Commission directed CAISO to file a further compliance filing revising its Tariff to require CAISO to share

²⁷ First Compliance Order, 179 FERC ¶ 61,197 at P 205.

²⁸ *Id.* (citing *id.* P 111).

²⁹ *Id.* P 206.

³⁰ *Id.* P 208.

³¹ *Id.* P 209.

with the Distributed Energy Resource Provider any information regarding a Distributed Energy Resource that is provided by a distribution utility to CAISO as part of the distribution utility review process.

18. The Commission also found that section 4.17.4 of CAISO's Tariff did not clearly reflect that CAISO must share any necessary information and data with the Utility Distribution Company.³² The Commission thus directed CAISO to file a further compliance filing revising section 4.17.4 of its Tariff to state that CAISO will share with distribution utilities any necessary information and data collected about the individual Distributed Energy Resources participating in a Distributed Energy Resource Aggregation.

19. Lastly, the Commission found that CAISO's proposal did not comply with the requirement of Order No. 2222 that each RTO/ISO revise its tariff to incorporate dispute resolution provisions as part of its proposed distribution utility review process.³³ The Commission found that CAISO's proposed language prohibiting the use of its dispute resolution procedures was inconsistent with this requirement because it did not provide a formal mechanism for interested parties to attempt to resolve any issues related to the distribution utility review process with CAISO, where appropriate, as required by Order No. 2222. The Commission directed CAISO to file a further compliance filing addressing how CAISO will resolve disputes that are within its authority and subject to its Tariff.

2. Second Compliance Filing

20. On compliance, CAISO proposes to revise section 4.17.4 of its Tariff to include a provision expressly clarifying that safety and reliability review performed by a Utility Distribution Company must be limited to an assessment of impacts resulting from the aggregation, exclusive of issues previously considered during the interconnection study process for each Distributed Energy Resource.³⁴ CAISO also states that it proposes to comply with the First Compliance Order by revising section 4.17.4 of its Tariff to state that it will provide the Distributed Energy Resource Provider with the Utility Distribution Company's or Metered Subsystem's written comments and any other information regarding the Distributed Energy Resources provided by the Utility Distribution Company or Metered Subsystem to CAISO.³⁵ CAISO states that it proposes to revise

³² *Id.* P 210.

³³ *Id.* P 211.

³⁴ August 15 Transmittal at 8.

³⁵ *Id.* at 9; January 10 Transmittal at 2.

section 4.17.4 of its Tariff to state the CAISO will share with the Utility Distribution Company or Metered Subsystem any necessary information and data collected about the individual Distributed Energy Resources participating in a Distributed Energy Resource Aggregation.³⁶ Additionally, CAISO proposes to revise section 4.17.4 of its Tariff to provide that parties may resolve any disputes regarding any issues related to the distribution utility review process with the applicable Governmental Authority for the Utility Distribution Company or Metered Subsystem or under section 13 of the CAISO Tariff, as applicable to the dispute.³⁷

3. Comments/Protests

21. PG&E asks the Commission to clarify that only publicly available information provided by a Utility Distribution Company need be provided by CAISO to a Distributed Energy Resource Provider.³⁸ PG&E expresses concern that the proposed Tariff language stating that CAISO will provide the Distributed Energy Resource Provider with “any other information regarding the Distributed Energy Resources provided by the Utility Distribution Company or Metered Subsystem to CAISO” may conflict with non-disclosure obligations between a Utility Distribution Company and CAISO.³⁹ PG&E asserts that the proposal does not identify the potential for confidential information to be included in the information a Utility Distribution Company may provide to CAISO. For example, PG&E explains, customer-specific Personally-Identifying Information (PII) may be provided by the Utility Distribution Company to CAISO as part of the Utility Distribution Company’s evaluation of the proposed Distributed Energy Resource Aggregation, and, if so, that PII may be legally protected from disclosure pursuant to a non-disclosure agreement between the Utility Distribution Company and CAISO.⁴⁰

22. In addition, PG&E seeks clarification that CAISO’s dispute resolution proposal does not supplant or supersede dispute resolution processes in a Utility Distribution Company’s Commission-approved interconnection tariff, to the extent any such dispute is solely related to interconnection.⁴¹ PG&E explains that Distributed Energy Resources that are part of proposed Distributed Energy Resource Aggregations under CAISO’s

³⁶ August 15 Transmittal at 9.

³⁷ *Id.*; January 10 Transmittal at 2.

³⁸ PG&E Comments at 2.

³⁹ *Id.* (quoting January 10 Amendment, app. B (Redline of Tariff), § 4.17.4).

⁴⁰ *Id.*

⁴¹ *Id.* at 3.

Tariff may be interconnected pursuant to PG&E's Commission-approved Wholesale Distribution Tariff (WDT), which has its own processes and procedures for dispute resolution related to such interconnections.

4. Commission Determination

23. We find that CAISO's proposal complies with the directives in the First Compliance Order. As an initial matter, we find that CAISO has complied with the directives in the First Compliance Order to implement the following requirements of Order No. 2222: (1) include criteria by which distribution utilities would determine whether each proposed distributed energy resource is capable of participating in a distributed energy resource aggregation;⁴² (2) develop a distribution utility review process that includes criteria by which the distribution utilities will determine whether the participation of each proposed distributed energy resource in a distributed energy resource aggregation will not pose significant risks to the reliable and safe operation of the distribution system;⁴³ and (3) share with distribution utilities any necessary information and data collected about the individual distributed energy resources participating in a distributed energy resource aggregation.⁴⁴

24. Further, we find that CAISO complies with the directive in the First Compliance Order to share with the Distributed Energy Resource Provider any information regarding a Distributed Energy Resource that is provided by a distribution utility to CAISO as part of the distribution utility review process.⁴⁵ CAISO proposes to revise section 4.17.4 of its Tariff to state that CAISO will provide the Distributed Energy Resource Provider with the Utility Distribution Company or Metered Subsystem's written comments and any other information regarding the Distributed Energy Resources provided by the Utility

⁴² First Compliance Order, 179 FERC ¶ 61,197 at P 205; Order No. 2222, 172 FERC ¶ 61,247 at P 292; CAISO, CAISO eTariff, § 4.17.4 (Identification of Distributed Energy Resources) (3.0.0).

⁴³ First Compliance Order, 179 FERC ¶ 61,179 at PP 206, 208; Order No. 2222, 172 FERC ¶ 61,247 at P 292; Order No. 2222-A, 174 FERC ¶ 61,197 at P 79 (citing Order No. 2222, 172 FERC ¶ 61,247 at P 297); CAISO, CAISO eTariff, § 4.17.4 (Identification of Distributed Energy Resources) (3.0.0).

⁴⁴ First Compliance Order, 179 FERC ¶ 61,179 at P 210; Order No. 2222, 172 FERC ¶ 61,247 at P 292; CAISO, CAISO eTariff, § 4.17.4 (Identification of Distributed Energy Resources) (3.0.0).

⁴⁵ First Compliance Order, 179 FERC ¶ 61,179 at P 209; Order No. 2222, 172 FERC ¶ 61,247 at P 292; Order No. 2222-A, 174 FERC ¶ 61,197 at P 75; CAISO, CAISO eTariff, § 4.17.4 (Identification of Distributed Energy Resources) (3.0.0).

Distribution Company or Metered Subsystem to CAISO. We find that CAISO's proposal complies with Order No. 2222-A because it ensures that "the specific information regarding a distributed energy resource that is provided by a distribution utility to an RTO/ISO as part of the distribution utility review process [] be shared with the distributed energy resource aggregator."⁴⁶ We find that PG&E's argument that CAISO's proposal may conflict with non-disclosure obligations between a Utility Distribution Company and CAISO is an untimely request for rehearing of Order No. 2222-A.⁴⁷ PG&E did not seek rehearing or clarification of the Commission's determination during the rehearing period of that order.⁴⁸

25. However, recognizing PG&E's concern regarding the appropriate protection of confidential information, we acknowledge that Order No. 2222-A does not preclude CAISO and Utility Distribution Companies from using non-disclosure agreements to protect confidential information.⁴⁹ Further, we believe that the dispute resolution requirements of Order No. 2222 may provide a mechanism to address this concern. We note that, in Order No. 2222-A, the Commission stated that, "to the extent a distribution utility declines to provide distributed energy resources the information needed to participate in RTO/ISO markets via an aggregation, we expect that RTOs/ISOs will provide an avenue to facilitate those resources' participation, including, where appropriate, the use of the RTO/ISO dispute resolution procedures."⁵⁰ We believe that in a case where a Utility Distribution Company declines to provide information because of confidentiality concerns, one avenue CAISO could use to facilitate participation of Distributed Energy Resources is to encourage the Distributed Energy Resource Provider to sign a non-disclosure agreement in order to obtain the information needed to participate in the CAISO market via an aggregation. As the Commission noted in the First Compliance Order, and as discussed further below, disputes regarding information

⁴⁶ Order No. 2222-A, 174 FERC ¶ 61,197 at P 75.

⁴⁷ *See id.* ("We grant Public Interest Organizations' requested clarification that the specific information regarding a distributed energy resource that is provided by a distribution utility to an RTO/ISO as part of the distribution utility review process should be shared with the distributed energy resource aggregator.").

⁴⁸ *PJM Interconnection, L.L.C.*, 170 FERC ¶ 61,295, at P 26 (2020) (finding that the protestor did not contend that PJM incorrectly implemented the Commission's orders, that its argument went to the underlying basis of the Commission's orders and should have been raised in a rehearing request on the order, not in a protest to a compliance filing implementing that order).

⁴⁹ *See* Order No. 2222-A, 174 FERC ¶ 61,197 at P 75.

⁵⁰ *Id.*

sharing and transparency of the distribution utility review process could be brought before CAISO for resolution.⁵¹

26. We also find that CAISO complies with the directive in the First Compliance Order to implement the requirement of Order No. 2222 that each RTO/ISO must revise its tariff to incorporate dispute resolution provisions as part of its proposed distribution utility review process.⁵² CAISO proposes to revise section 4.17.4 of its Tariff to state that parties may resolve any disputes regarding any issues related to the distribution utility review process with the applicable Governmental Authority for the Utility Distribution Company or Metered Subsystem, or under section 13 of the CAISO Tariff, as applicable to the dispute. We find that CAISO's proposal complies with Order No. 2222 because it provides a formal mechanism for interested parties to attempt to resolve any issues related to the distribution utility review process with CAISO, where appropriate, as required by Order No. 2222.⁵³

27. PG&E requests clarification that CAISO's dispute resolution proposal does not supplant or supersede the dispute resolution process in its Commission-approved wholesale distribution tariff, to the extent that any such dispute is solely related to interconnection. Order No. 2222 requires RTOs/ISOs to incorporate dispute resolution provisions as part of the RTO's/ISO's proposed distribution utility review process, which does not directly involve interconnection.⁵⁴ Therefore, we clarify that CAISO's dispute resolution provisions should not supersede the dispute resolution processes concerning the interconnection of Distributed Energy Resources, and we would expect that the appropriate tariff to address a dispute solely related to interconnection is the tariff under which the Distributed Energy Resource interconnects. We would thus expect that disputes related solely to the interconnection of Distributed Energy Resources under

⁵¹ First Compliance Order, 179 FERC ¶ 61,179 at P 212; Order No. 2222-A, 174 FERC ¶ 61,197 at P 75.

⁵² First Compliance Order, 179 FERC ¶ 61,179 at P 211; Order No. 2222, 172 FERC ¶ 61,247 at P 299; CAISO, CAISO eTariff, § 4.17.4 (Identification of Distributed Energy Resources) (3.0.0).

⁵³ See Order No. 2222, 172 FERC ¶ 61,247 at P 299.

⁵⁴ See *id.*; First Compliance Order, 179 FERC ¶ 61,179 at P 212 (“CAISO has not demonstrated how its proposal prohibiting the use of its dispute resolution procedures would appropriately address disputes *not related to* double counting or *interconnection . . .*”) (emphasis added); Order No. 2222, 172 FERC ¶ 61,247 at P 90 (declining to exercise jurisdiction over the interconnections of distributed energy resources to distribution facilities for the purpose of participating in RTO/ISO markets exclusively as part of a distributed energy resource aggregation).

PG&E's WDT should be addressed under the dispute resolution processes in PG&E's WDT.

B. Effective Date

28. In Order No. 2222, the Commission required each RTO/ISO to propose a reasonable implementation date, together with adequate support explaining how the proposal is appropriately tailored for its region and implements Order No. 2222 in a timely manner.⁵⁵ The Commission stated that it will establish on compliance the effective date for each RTO's/ISO's compliance filing.

1. First Compliance Order

29. In the First Compliance Order, the Commission accepted CAISO's proposed effective dates, with the vast majority of Tariff revisions effective coincident with issuance of the order itself, and the Tariff revisions related to heterogeneous Distributed Energy Resource Aggregations effective no later than November 1, 2022.⁵⁶ The Commission found that CAISO provided adequate support for its proposal and that its implementation timeline complied with the effective date requirements of Order No. 2222. The Commission directed CAISO to notify the Commission of the actual effective date of the revisions to Tariff sections 4.17.7, 11.6.5.1, and 30.5.2.6 within five business days of their implementation, as CAISO proposed.

2. Second Compliance Filing

30. CAISO moves to amend the effective date for the proposed Tariff sections for Distributed Energy Resource Aggregations with Distributed Curtailment Resources⁵⁷ (i.e., Tariff sections 4.17.7, 11.6.5.1, and 30.5.2.6) to no later than November 1, 2024.⁵⁸ CAISO explains that it has no challenge with the Tariff revisions already in effect; however, with respect to the remaining Tariff provisions, CAISO maintains that it does not have sufficient time to develop, test, and implement the required software changes by November 1, 2022. CAISO states that it is concerned that developing software before it has received a final compliance order will cause unnecessary delay and undue costs at the expense of ratepayers. CAISO notes that its software development capabilities are finite,

⁵⁵ Order No. 2222, 172 FERC ¶ 61,247 at P 361.

⁵⁶ First Compliance Order, 179 FERC ¶ 61,179 at P 240.

⁵⁷ August 15 Transmittal at 11 n.60 (describing such resources as being formerly known as heterogeneous Distributed Energy Resource Aggregations).

⁵⁸ *Id.* at 11.

and that developing Distributed Energy Resource Aggregation software displaces other software enhancements such as its market and operational enhancements to ensure reliability after the 2020 extreme weather events and significant resource retirements. CAISO contends that the software enhancements required for compliance are substantial and will take significant time and effort to develop after CAISO receives a final order in this proceeding.⁵⁹ CAISO notes that its amended effective date for this limited set of Tariff revisions is still well before the majority of proposed effective dates for other RTOs’/ISOs’ compliance with Order No. 2222. CAISO further requests authorization to inform the Commission of the actual effective date of the Tariff changes through a subsequent filing within five business days following their implementation.⁶⁰

3. Commission Determination

31. We find that CAISO has shown good cause for its request to extend the effective date for the Tariff revisions associated with Distributed Energy Resource Aggregations with Distributed Curtailment Resources to no later than November 1, 2024, and we therefore grant its limited motion to amend the effective date associated with these Tariff revisions.⁶¹ As CAISO explains, “software enhancements required for this compliance will be highly complex, incorporating both energy injection and load curtailment into a single model that allows aggregations over a wider footprint than the majority of ISOs and RTOs have proposed.”⁶² Moreover, CAISO maintains that such enhancements will take significant time and effort to develop after CAISO receives a final order in this proceeding, and that developing software before a final order is issued would cause unnecessary delay and undue costs at the expense of ratepayers.⁶³ Accordingly, we direct CAISO to notify the Commission of the actual effective date of the revisions to Tariff sections 4.17.7, 11.6.5.1, and 30.5.2.6 within five business days of their implementation, as CAISO proposes.

⁵⁹ *Id.* at 12.

⁶⁰ *Id.* at 12 n.62. To the extent waiver is necessary to extend the November 1, 2022 effective date, CAISO argues that it has satisfied the waiver criteria.

⁶¹ *Midcontinent Indep. Sys. Operator, Inc.*, 175 FERC ¶ 61,120, at P 26 n.60 (2021) (explaining that “the standard for review of a request to defer an effective date of a compliance filing is whether the applicant has shown good cause for the extension”) (citing *PJM Interconnection, L.L.C.*, 164 FERC ¶ 61,224, at P 13 (2018)).

⁶² August 15 Transmittal at 12.

⁶³ *Id.* at 11-12.

The Commission orders:

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

(B) CAISO's motion to amend the effective date of certain Tariff provisions is hereby granted, as discussed in the body of this order.

(C) CAISO is hereby directed to notify the Commission of the actual effective date of the revisions to Tariff sections 4.17.7, 11.6.5.1, and 30.5.2.6 within five business days of their implementation, in an eTariff submittal using Type of Filing Code 150 – Report.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Appendix A

Tariff Records Filed

California Independent System Operator Corporation

FERC FPA Electric Tariff

CAISO Tariffs

Docket No. ER21-2455-003

Effective June 16, 2022

[4.17.3, Requirements for Distributed Energy Resource Aggregations \(3.0.0\)](#)

[4.17.5, Characteristics of Distributed Energy Resource Aggregations \(2.0.0\)](#)

[4.17.6, Operating Requirements \(1.0.0\)](#)

[-, Distributed Curtailment Resource \(1.0.0\)](#)

[Appendix K, Ancillary Service Requirements Protocol \(ASRP\) \(15.0.0\)](#)

Effective no later than November 1, 2024 (to be determined)

[4.17.7, Heterogeneous Distributed Energy Resource Aggregations \(1.0.0\)](#)

[11.6.5, Settlement of Distributed Energy Resource Aggregations \(3.0.0\)](#)

[30.5.2, Supply Bids \(31.0.0\)](#)

Docket No. ER21-2455-004

Effective June 16, 2022

[4.17.4, Identification of Distributed Energy Resources \(3.0.0\)](#)

[Appendix B.21, Distributed Energy Resource Provider Agreement \(3.0.0\)](#)