

183 FERC ¶ 61,144
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

May 25, 2023

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER23-1209-000

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

Attention: David S. Zlotlow

Dear Mr. Zlotlow:

1. On March 1, 2023, California Independent System Operator Corporation (CAISO) submitted, pursuant to Rule 207 of the Commission's Rules of Practice and Procedure¹ and section 37.9.4 of the CAISO Open Access Transmission Tariff (Tariff), a petition seeking Commission approval for the corrected allocation of the penalty proceeds collected for violations of CAISO's Rules of Conduct and certain nonrefundable study deposits stemming from interconnection projects (Petition). Previously, on August 22, 2022, CAISO had filed a petition in Docket No. ER22-2730-000 seeking Commission authorization to allocate the penalty proceeds pursuant to section 37.9.4 of the Tariff, which the Commission granted on December 15, 2022.² However, CAISO states that after receiving the Commission's approval to distribute those proceeds, it identified an error in its proposed allocation. CAISO states that it allocated the funds on January 23, 2023, with the error corrected.³ In this Petition, CAISO seeks Commission approval of the corrected allocation of funds. As discussed below, we grant CAISO's Petition

¹ 18 C.F.R. § 385.207 (2022).

² *Cal. Indep. Sys. Operator Corp.*, 181 FERC ¶ 61,199 (2022) (December 2022 Order).

³ Petition at 1.

because the corrected allocation is consistent with the methodology in CAISO's Tariff and as approved in the December 2022 Order.

2. CAISO explains that its Rules of Conduct and related provisions set forth in section 37 of its Tariff require it to collect penalties and to deposit such amounts into an interest-bearing trust account. CAISO states that, after the end of each calendar year, it allocates these proceeds, with accrued interest, to the scheduling coordinators of eligible market participants in accordance with the formula set forth in section 37.9.4 of its Tariff. Further, CAISO explains that it must obtain the Commission's approval to distribute the penalty proceeds.⁴

3. CAISO explains it inadvertently included an entity in its August 26, 2022 proposed distribution that did not pay a grid management charge.⁵ CAISO states that Attachment A of its filing sets forth the corrected calculation for Southern California Edison Company's interconnection funds.⁶ This inadvertent inclusion would have resulted in a \$17,419.60 payment to the entity that did not pay grid management charges based on a predefined Commission-approved contractual arrangement; however CAISO discovered this error and distributed the funds with this entity removed.⁷ CAISO states that if the Commission approves the corrected allocation, then no further action is necessary regarding allocation of the 2021 funds. CAISO further states that if the Commission does not approve the corrected allocation, then CAISO will resettle the allocation to align with the distribution the Commission approved in Docket No. ER22-2730-000.⁸ CAISO states that, in its view, the correct entities already have received the proper allocation of both principal and interest.⁹

4. Notice of CAISO's filing was published in the *Federal Register*, 88 Fed. Reg. 14,358 (Mar. 8, 2023), with interventions and protests due on or before March 22, 2023. None was filed.

⁴ *Id.* at 2 (citing CAISO, CAISO eTariff, § 37.9.4 (Disposition of Proceeds) (1.0.0)).

⁵ *Id.* at 3-4.

⁶ *Id.* at 4.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

5. In the Petition, CAISO identified an error in its allocation of penalty proceeds that had been authorized by the Commission in the December 2022 Order. We find that the corrected allocation is consistent with the methodology in section 37.9 of the Tariff and gives effect to the Commission's authorization to allocate penalty proceeds in accordance with that methodology in the December 2022 Order. Therefore, we grant CAISO's Petition for approval of the corrected allocation of penalty proceeds and certain nonrefundable study deposits as set forth in Attachment A of its Petition.

By direction of the Commission

Kimberly D. Bose,
Secretary.