

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

California Independent System
Operator Corporation
Docket Nos. ER13-995-000
ER13-1055-000
April 26, 2013

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

Attention: Andrew Ulmer
Director, Federal Regulatory Affairs

Reference: Revisions to Frequency Regulation Tariff Provisions

Dear Mr. Ulmer:

On February 27, 2013, in Docket No. ER13-995-000, the California Independent System Operator Corporation (CAISO) filed to amend three aspects of the compensation methodology within its frequency regulation tariff provisions to align them with CAISO's market design tariff revisions accepted by the Commission¹ pursuant to Order No. 755.² CAISO is requesting Commission acceptance of revisions related to the data CAISO will use to calculate both system and resource specific mileage multipliers to assess regulation service requirements.³ First, CAISO proposes to implement a rolling

¹ See California Independent System Operator Corporation, 140 FERC ¶ 61,206 (*September 2012 Order*); order on motion for extension of time, 141 FERC ¶ 61,184 (December 3, 2012); order on compliance filing, 142 FERC ¶ 61,233 (March 27, 2013).

² See Frequency Regulation Compensation in the Organized Wholesale Power Markets, 137 FERC ¶ 61,064 (2011) (Order No. 755), reh'g denied 138 FERC ¶ 61,123 (2012) (Order No. 755-A).

³ Regulation service includes both an increase in energy production or decrease in energy consumption by a resource (regulation up) and a decrease in energy production or increase in energy consumption by a resource (regulation down). Regulation up and regulation down are distinct capacity products, with separately stated requirements and ancillary service marginal prices in each settlement period.

seven-day period to create a more dynamic system mileage multiplier. CAISO states that this would increase the accuracy of system mileage calculations from the current Sunday through Saturday static calculation previously accepted by the Commission in the CAISO Order No. 755 compliance filings.⁴ Second, CAISO proposes that if an existing certified resource does not provide regulation for a thirty day period, the resource's last historic regulation performance accuracy as a default value would be used until the resource develops a new monthly calculation reflecting the accuracy with which it responds to CAISO's control signal.⁵ Third, CAISO proposes for each settlement period to change the calculation to equal the regulation mileage dollar cost divided by the total regulation ancillary service megawatt obligation.⁶

On March 7, 2013, in Docket No. ER13-1055-000, CAISO filed an additional modification to the regulation service provision in its tariff⁷ to reflect implementation of the proposed rolling seven-day calculation period as filed in Docket No. ER13-995-000 to the regulation mileage clearing price provision. In addition CAISO proposes to clarify that the average hourly instructed mileage calculated from the prior seven days will be posted on the CAISO OASIS to provide market participants with access to information which supports the system mileage multiplier and mileage requirements for regulation services.

Waiver of the Commission's notice requirements pursuant to section 35.11 of the Commission's rules and regulations (18 C.F.R. § 35.11) is granted in Docket No. ER13-1055-000,⁸ and the frequency regulation clarifications as filed in Docket Nos. ER13-995-

⁴ See Attachments A and B in Docket No. ER13-995, proposed CAISO tariff revisions, section 27.1.3, Regulation Mileage Clearing Price. See also *September 2012 Order* presentation of proposed tariff revisions at paragraphs 15, 20, 36, 37 and Commission acceptance at P 72.

⁵ *Id.*

⁶ See CAISO proposed tariff revisions in Docket No. ER13-995-000, Attachments A and B, sections 11.10.2.1.5 and 11.10.2.2.4, Regulation Down Mileage Costs and Regulation Up Mileage Costs, respectively.

⁷ See CAISO proposed tariff revisions in Docket No. ER13-1055-000, Attachments A and B, section 8.3.2.1, Regulation Service.

⁸ *Central Hudson Gas & Electric Corporation, et al.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992), and *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, *clarified*, 65 FERC ¶ 61,081 (1993).

000 and ER13-1055-000 are accepted for filing, effective May 1, 2013, as requested.⁹

The filings were noticed on February 27 and March 8, 2013, respectively, with comments, protests, or interventions due on or before March 20 and 28, 2013, respectively. No protests or adverse comments were filed. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

This acceptance for filing shall not be construed as constituting approval of the referenced filing or of any rate, charge, classification or any rule, regulation or practice affecting such rate or service contained in your tariff; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation associated therewith; and such acceptance is without prejudice to any findings or orders which have been or any which may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against CAISO.

This action is taken pursuant to the authority delegated to the Director, Division of Electric Power Regulation - West under 18 C.F.R. § 375.307. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation – West

⁹ The Commission has yet to act on an April 24, 2013, motion for extension of time, filed by the CAISO, to implement its Order No. 755 market design systems.