

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System            )       Docket No. ER18-1169-003  
Operator Corporation                    )**

**PETITION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION FOR LIMITED TARIFF WAIVER  
TO POSTPONE EFFECTIVE DATE UNTIL APRIL 1, 2019**

The California Independent System Operator Corporation (CAISO) respectfully requests a temporary suspension of the effectiveness, or limited waiver, until April 1, 2019 of the tariff revisions accepted in the order issued in this proceeding on June 21, 2018.<sup>1</sup>

In the June 21 Order, the Commission accepted certain tariff revisions the CAISO proposed to implement the Commitment Cost Enhancements Phase 3 (CCE3) initiative effective November 1, 2018. The CAISO recently determined, however, that it will be unable to implement those tariff revisions on November 1, due to the need to adjust the implementation schedule as discussed in more detail below. The CAISO now plans to implement the tariff revisions on April 1.

Good cause exists for the Commission to find that this petition satisfies its waiver criteria. The CAISO has acted in good faith because it only recently became aware that significant additional time is needed for both the CAISO and market participants for pre-implementation activities and that the CAISO is

---

<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 163 FERC ¶ 61,211 (2018) (June 21 Order). Specifically, the CAISO requests limited waiver of all of the tariff revisions covered under the heading "Tariff Records Accepted" in the Appendix to the June 21 Order. The CAISO submits this petition for limited waiver pursuant to Rule 207 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.207.

unable to implement the tariff revisions on November 1. The waiver is of limited scope in that it will apply for only five months. The waiver will also remedy the concrete problem that the CAISO cannot put the tariff revisions into effect on November 1 due to the need to develop and implement the necessary business process changes and to work with market participants through these new business processes prior to the implementation of the tariff revisions. Further, additional time to engage in readiness activities will significantly benefit all affected parties, and until the tariff revisions go into effect the CAISO will maintain the status quo set forth in the existing tariff provisions. Accordingly, the waiver will not have undesirable consequences.

For these reasons, the Commission should grant the petition and postpone the effectiveness of the CCE3 tariff revisions accepted in the June 21 Order until April 1, 2019.

## **I. Background**

On March 23, 2018, the CAISO filed proposed revisions to its tariff to implement the CCE3 initiative (March 23 Tariff Amendment). Among other changes,<sup>2</sup> the March 23 Tariff Amendment included revisions to: (1) implement a methodology to allow eligible use-limited resources to include opportunity cost adders in their commitment costs and energy bid costs based on their use

---

<sup>2</sup> Those other changes, which are not addressed in this waiver petition, included proposed tariff revisions to: (1) provide scheduling coordinators with the flexibility to submit their preferred unit operating characteristics, in addition to the existing requirement to submit the units' design capabilities, for use in the CAISO markets; (2) remove ramp rates as a component of daily bids; and (3) make certain tariff clarifications related to proposals (1) and (2) listed in this footnote. The Commission rejected those other proposed changes (see the June 21 Order at paragraphs 44-47 and 53), as reflected in the list of items shown under the heading "Tariff Records Rejected" in the Appendix to the June 21 Order. The CAISO filed a request for rehearing of the June 21 Order with regard to the rejected changes on July 23, 2018.

limitations; (2) limit the registered cost methodology to resources with fewer than 12 months of locational market pricing data that seek opportunity cost adders; (3) permit eligible resources to renegotiate outdated or erroneous negotiated values used for commitment cost and generated energy bids; (4) clarify the definition of use-limited resources; and (5) make certain other tariff clarifications.

The CAISO requested an effective date of November 1, 2018 for the tariff revisions contained in the March 23 Tariff Amendment. The CAISO explained that implementing the tariff revisions would require substantial preparatory systems and business process changes. In particular, the CAISO stated that during the period of approximately six months leading up to the effective date of the tariff revisions, all scheduling coordinators that are eligible for an opportunity cost would need to work through the CAISO's calculated opportunity cost process or, for resources that could not be modelled using the opportunity cost calculator, through the negotiated opportunity cost process.<sup>3</sup>

In the June 21 Order, the Commission accepted the CCE3 tariff revisions described above effective November 1, 2018 as requested by the CAISO, subject to the condition that the CAISO submit a compliance filing containing further tariff changes to comply with directives in the order.<sup>4</sup> The CAISO submitted the required compliance filing on July 23, 2018.

---

<sup>3</sup> Transmittal letter for March 23 Tariff Amendment at 35.

<sup>4</sup> June 21 Order at PP 32-34, 53, and Appendix.

## **II. Need for Tariff Waiver to Postpone Effective Date to April 1, 2019**

The CAISO recently determined that it will be unable to implement the CCE3 tariff revisions accepted in the June 21 Order on November 1, 2018. On August 16, 2018, the CAISO held a CCE3 implementation workshop with stakeholders to field questions on the required registrations of use limitations in the CAISO's use-limitation registration process for the market simulation activities related to the CCE3 initiative and for use in production when CCE3 goes live.<sup>5</sup> Based on the issues raised by stakeholders and discussed at the August 16 workshop and the current progress on the registration process which is the first step in the overall implementation, the CAISO has concluded that both the CAISO and stakeholders need more time to work through the use-limitation registration process and the opportunity cost calculation process that follows successful registration.<sup>6</sup> In addition, the CAISO and stakeholders need to work through the implications for resources that may no longer be use-limited once the tariff revisions go into effect and this will likely require additional tariff clarifications.<sup>7</sup>

The CAISO contemplated that at least a six-month process would be necessary to develop business practices and to process all and each use-limited

---

<sup>5</sup> Materials related to the CCE3 initiative, including the August 16 workshop, are available on the CAISO website at <http://www.caiso.com/informed/Pages/StakeholderProcesses/CommitmentCostEnhancements.aspx>. As shown in that website page, on August 16, the CAISO also posted an updated version of the customer market results interface technical specifications for the then-planned November 1 implementation of the CCE3 tariff revisions.

<sup>6</sup> Following the August 16 workshop, the CAISO also postponed a web conference on pre-market simulation training for the CCE3 initiative that was scheduled for August 21, 2018.

<sup>7</sup> The CAISO believes that it will identify the need for tariff clarifications through the review effort. Any proposed tariff clarifications will be filed later this year.

resource. The CAISO has concluded that it has underestimated the time needed to implement this significant policy change.

For these reasons, the CAISO requests limited waiver of the effective date of the tariff revisions accepted in the June 21 Order. The CAISO plans to implement these revisions on April 1, 2019. Postponing the effective date of the tariff revisions will give the CAISO time to develop and implement the necessary CCE3 business process changes and to work with eligible scheduling coordinators to establish their opportunity costs (whether calculated or negotiated) by April 1.

### **III. Petition for Limited Tariff Waiver**

Good cause exists for the Commission to grant a limited waiver to suspend the effectiveness of the CCE3 tariff revisions accepted in the June 21 Order until April 1, 2019. The Commission has previously granted requests for waivers to suspend the effectiveness of tariff revisions in situations where (1) the applicant acted in good faith; (2) the waiver was of limited scope; (3) the waiver addressed a concrete problem; and (4) the waiver did not have undesirable consequences, such as harming third parties.<sup>8</sup> This waiver petition meets all four conditions.

The CAISO has acted in good faith because it only recently became aware that significant additional time is needed for both the CAISO and market participants for pre-implementation activities and that the CAISO is unable to

---

<sup>8</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 155 FERC ¶ 61,216, at P 4 (2016) (granting waiver petition to postpone effective date of tariff revisions to implement phase 1A of the CAISO's reliability services initiative by five months).

implement the tariff revisions on November 1, 2018. The waiver is of limited scope in that it will apply for only five months, from November 1 until April 1. The waiver will also remedy the concrete problem that the CAISO cannot implement the tariff revisions on November 1, due to the need to develop and implement the business process changes that are required to implement the CCE3 tariff revisions and to work with market participants through these new business processes prior to the tariff implementation date. The Commission has previously recognized that it is reasonable to postpone the effectiveness of tariff revisions where, as is the case in this proceeding, it is infeasible to implement the tariff revisions on their originally intended effective date because business process changes are needed before they can feasibly go into effect.<sup>9</sup> Further, additional time to engage in readiness activities will significantly benefit all affected parties, and until the tariff revisions go into effect the CAISO will continue to operate under its existing just and reasonable tariff rules. Accordingly, the waiver will not have undesirable consequences.

For these reasons, good cause exists to grant the CAISO's request for limited waiver of the current effective date of November 1 for the tariff revisions accepted in the June 21 Order.

---

<sup>9</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 140 FERC ¶ 61,206, at P 77 (2012) (explaining in relevant part that “the Commission grants CAISO a limited extension of time in recognition that CAISO must implement a number of changes to its business processes”).

#### IV. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to grant a limited waiver to suspend the effectiveness of the CCE3 tariff revisions accepted in the June 21 Order, from November 1, 2018 until April 1, 2019.

Respectfully submitted,

Roger E. Collanton  
General Counsel  
Sidney L. Mannheim  
Assistant General Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (916) 351-4400  
Fax: (916) 608-7222  
E-mail: [smannheim@caiso.com](mailto:smannheim@caiso.com)

Michael Kunselman  
Bradley R. Miliauskas  
Alston & Bird LLP  
The Atlantic Building  
950 F Street, NW  
Washington, DC 20004  
Tel: (202) 239-3300  
Fax: (202) 654-4875  
E-mail: [michael.kunselman@alston.com](mailto:michael.kunselman@alston.com)  
[bradley.miliauskas@alston.com](mailto:bradley.miliauskas@alston.com)

Counsel for the California Independent System Operator Corporation

Dated: August 31, 2018

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed in the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, DC this 31<sup>st</sup> day of August, 2018.

/s/ Bradley R. Miliauskas  
Bradley R. Miliauskas