

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

**California Independent System            )       Docket No. ER14-2372-000**  
**Operator Corporation                    )**

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION'S  
ANSWER TO LIMITED PROTEST**

The California Independent System Operator Corporation (“CAISO”)<sup>1</sup> files this answer to the limited protest submitted by the NRG Companies in response to the CAISO’s July 7, 2014, tariff amendment (“July 7 filing”).<sup>2</sup> In their limited protest, the NRG Companies argue that the CAISO’s proposal to extend the notice requirement for planned generator outages from three days to eight days imposes unnecessary costs on generators and is inconsistent with the practices of other independent system operators and regional transmission organizations.<sup>3</sup> The NRG Companies also claim that they are confused by the CAISO’s proposal to apply the existing tariff-defined term “Forced Outage” to generator outages requested fewer than eight days in advance.

NRG Companies provide no factual, policy, or legal basis to reject or modify the CAISO’s proposal. The CAISO carefully crafted its proposal through a lengthy

---

<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, appendix A to the CAISO tariff.

<sup>2</sup> The CAISO files this answer pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213. The CAISO requests waiver of Rule 213(a)(2), 18 C.F.R. § 385.213(a)(2), to permit it to make an answer to the limited protest. Good cause for this waiver exists here because the answer will aid the Commission in understanding the issues in the proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in the case. *See, e.g., Equitrans, L.P.*, 134 FERC ¶ 61,250, at P 6 (2011); *California Independent System Operator Corp.*, 132 FERC ¶ 61,023, at P 16 (2010); *Xcel Energy Services, Inc.*, 124 FERC ¶ 61,011, at P 20 (2008).

<sup>3</sup> The CAISO proposes to classify a request for a generator outage submitted seven or fewer days before the start date for the outage a “Forced Outage.” *See* tariff section 9.3.6.3.1(c) as proposed in the July 7 filing.

stakeholder process to address the concrete problems it faces under the current outage reporting framework due to the significant quantity of late outage requests without imposing additional costs on generators as the result of earlier outage reporting requirements. The Commission should accept the July 7 filing as submitted.

**I. Answer**

**A. The NRG Companies Fail to Show that the CAISO's Proposed Extension of the Generator Outage Timeline Is Not Just and Reasonable**

The NRG Companies make three arguments to support their claim that the CAISO's proposal to extend the notice requirement for planned generation outages to eight days is not just and reasonable. None of the NRG Companies' arguments have merit.

First, the NRG Companies argue that aligning the timeline for planned generator outages with the timeline for planned transmission outages is not a compelling rationale for "imposing additional costs on the generator community."<sup>4</sup> However, the NRG Companies fail to identify any "additional costs" imposed by the CAISO's proposal. In fact, the CAISO carefully crafted its proposal so that it would not impose any additional costs on generation owners compared to the outage reporting framework that exists today. As discussed in the July 7 filing, stakeholders expressed concern that extending the notification timeline for generator outages would increase the number of outages that the CAISO would classify as "Forced Outages," thereby resulting in increased costs for resource adequacy resources that must provide either replacement or substitute capacity. To address this concern, the CAISO modified earlier versions of its proposal

---

<sup>4</sup> NRG Companies at 3.

to eliminate such financial risk. Specifically, the CAISO restructured the outage options by not requiring replacement capacity for outages that scheduling coordinators request four to seven days in advance of the outage start date and exempting such outages from the substitution requirement and non-availability charges under the standard capacity product.<sup>5</sup>

Second, NRG Companies argue that the CAISO has not explained why its proposed timeline differs from the timelines for the outage provisions of other independent system operators and regional transmission organizations.<sup>6</sup> The fact that the Commission has approved different timelines for other independent system operators and regional transmission organizations is irrelevant to whether the timelines proposed by the CAISO -- timelines that are necessary to address the specific issues and circumstances the CAISO faces -- are just and reasonable. As the Commission has explained:

the courts and this Commission have recognized that there is not a single just and reasonable rate. Instead, we evaluate [proposals submitted under section 205 of the Federal Power Act] to determine whether they fall into a zone of reasonableness. So long as the end result is just and reasonable, the [proposal] will satisfy the statutory standard.”<sup>7</sup>

---

<sup>5</sup> Transmittal letter for July 7 filing at 3-4, 22-29.

<sup>6</sup> NRG Companies at 1-2, 3-4.

<sup>7</sup> *Calpine Corp. v. California Independent System Operator Corp.*, 128 FERC ¶ 61,271, at P 41 (2009) (citations omitted). See also *California Independent System Operator Corp.*, 141 FERC ¶ 61,135, at P 44 (2012) (“Upon finding that CAISO’s Proposal is just and reasonable, we need not consider the merits of alternative proposals.”); *New England Power Co.*, 52 FERC ¶ 61,090, at 61,336 (1990), *aff’d sub nom. Town of Norwood v. FERC*, 962 F.2d 20 (D.C. Cir. 1992), *citing City of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984) (rate design proposed need not be perfect, it merely needs to be just and reasonable).

The CAISO demonstrated in the July 7 filing that the proposal is just and reasonable. The CAISO proposes to align the generation facility outage timeline with the existing Commission-approved notice requirements and classification of transmission facility outages.<sup>8</sup> This will ensure consistency and better alignment and coordination of all outages.<sup>9</sup>

Also, requiring scheduling coordinators to submit planned outage requests eight days or more in advance of the outage start date will enable the CAISO to include more up-to-date and accurate information about outages in the market runs, which begin three days prior to the operating day and determine the optimal market solution.<sup>10</sup> Currently, the sheer volume of short-notice maintenance outage requests that will impact the market leaves little time for the CAISO to analyze outages, thereby hampering the CAISO's ability to efficiently and effectively coordinate outages and accurately reflect outages in its market modeling. As reported in the July 7 filing, the CAISO currently handles more than 82,000 requests for outages annually. The CAISO receives approximately 38 percent of the outage requests that impact the CAISO's system modeling less than four days before the outage would commence.<sup>11</sup>

NRG fails to acknowledge these facts and how they necessitate outage reporting requirements that differ from those of other independent system operators and regional

---

<sup>8</sup> Transmittal letter for July 7 filing at 20 (citing Commission approval of CAISO tariff revisions on transmission facility outage timelines in Docket No. ER12-1972).

<sup>9</sup> Transmittal letter for July 7 filing at 21.

<sup>10</sup> Transmittal letter for July 7 filing at 21. The CAISO's proposal also incents scheduling coordinators to seek short-notice opportunity outages and resource adequacy maintenance outages without replacement -- both of which the CAISO classifies as forced outages -- more than four days prior to the outage start date. Transmittal Letter for July 7 filing at 23-29.

<sup>11</sup> *Id.* at 3.

transmission organizations. Earlier receipt of planned and forced outage information will facilitate the CAISO's ability to model the outage more effectively and enhance the CAISO's ability to comply with North American Electric Reliability Corporation ("NERC") and Western Electricity Coordinating Council ("WECC") requirements.<sup>12</sup> These factors determine the justness and reasonableness of the CAISO's proposal, not the practices of other independent system operators and regional transmission organizations.

Third, the NRG Companies argue that, although requiring generator outage requests on the same timeframe as transmission outages provides better information for the market runs, market participants are aware that advance market runs are not financially binding until the market runs conducted the day before the operating day. The NRG Companies also argue that the CAISO still has time to factor in planned outage requests submitted only three days in advance for the day-ahead market run.<sup>13</sup>

NRG misses the point. The CAISO operates its system reliably through a series of day-ahead and real-time market procedures. Incorporating the impact of outages in the CAISO market processes requires careful consideration of contingencies and other limitations that the CAISO must include in its market model to accurately reflect system conditions in the day-ahead market. Producing feasible schedules in the day-ahead market is critical to the CAISO's ability to efficiently operate the system without the need to resort to more costly out-of-market or real-time market solutions. Although the pre-day-ahead market runs are not financially binding, that is when the CAISO tests the validity of its modeling assumptions resulting from reported outages. Given the

---

<sup>12</sup> Transmittal letter for July 7 filing at 21.

<sup>13</sup> NRG Companies at 4-5.

extremely large volume of outage requests the CAISO must handle, when scheduling coordinators submit outage requests within the current 72 hour time frame there is little, if any, time for the CAISO to carefully consider how such outages impact the system and determine how to model them in the markets. This increases the risk that CAISO might omit information or use less accurate information in the day-ahead market. That can lead to divergence of day-ahead and real-time market results or potentially jeopardize grid reliability, thereby increasing the need for the CAISO to rely on out-of-market solutions.

In sum, none of the arguments made by the NRG Companies undermines the CAISO's demonstration that its proposal is just and reasonable.

**B. The NRG Companies Objection to the CAISO's Use of the Existing Term "Forced Outage" Has No Bearing on Whether the Proposal is Just and Reasonable**

The NRG Companies state that they are confused by the CAISO's proposal to deem a generator outage requested fewer than eight days in advance to be a "Forced Outage,"<sup>14</sup> which appendix A to the CAISO tariff defines as "[a]n Outage for which sufficient notice cannot be given to allow the Outage to be factored into the Day-Ahead Market, HASP [Hour-Ahead Scheduling Process], or RTM [Real-Time Market] bidding practices." The NRG Companies' primary concern appears to be that in certain other non-CAISO contexts the term "'forced outage' is saved for emergency outages where the unit is incapable of operating."<sup>15</sup>

---

<sup>14</sup> NRG Companies at 5.

<sup>15</sup> NRG Companies at 5-6.

The fact that usage of a term in the CAISO tariff differs from its usage elsewhere could be said of myriad defined terms in the CAISO's tariff. Indeed, such a circumstance can be found throughout the universe of tariffs and contracts. This is why tariffs and contracts capitalize certain terms and contain provisions defining those terms. Since the day the CAISO commenced operations, the CAISO tariff has defined "Forced Outage" according to whether the outage could be factored into the market, not whether the outage is an emergency or unanticipated outage. The CAISO is not proposing to change that definition in this filing, and NRG identifies no changed circumstances that now render that longstanding usage unjust or unreasonable.

The NRG Companies are the only intervenors in this proceeding that express confusion about this use of the term "Forced Outage," which was discussed in the stakeholder process and explained clearly in the July 7 filing.<sup>16</sup> The NRG Companies are just as capable as other intervenors of understanding and using the term according to the context in which it appears. Their desire for universal semantic consistency constitutes no basis for a finding that the CAISO's substantive proposal is unjust or unreasonable. Also, NRG Companies demonstrate no specific harm that results from the CAISO's definition of Forced Outage.

The NRG Companies cite a couple of non-CAISO contexts in which the term "forced outage" has a different definition.<sup>17</sup> These examples are irrelevant.<sup>18</sup> As explained above, the term Forced Outage is clearly defined in the CAISO tariff, and that

---

<sup>16</sup> See transmittal letter for July 7 filing at 20-21; attachment C to July 7 filing (draft final proposal for outage management system replacement) at 16.

<sup>17</sup> NRG Companies at 5-6.

<sup>18</sup> The two examples of forced outage definitions that NRG provides are not even identical, and they fail to recognize the impact that "eleventh hour" outages can have on CAISO market operations.

definition has remained unchanged for years.<sup>19</sup> The NRG Companies' dissatisfaction with the defined term is beyond the scope of this proceeding, in which the CAISO does not propose any change to the defined term.

## **II. Conclusion**

For the foregoing reasons, the Commission should accept the CAISO's July 7 filing as submitted.

Respectfully submitted,

**By: /s/ Anthony Ivancovich**

Roger E. Collanton  
General Counsel  
Anthony Ivancovich  
Deputy General Counsel, Regulatory  
Anna McKenna  
Assistant General Counsel, Regulatory  
Beth Ann Burns  
Senior Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (916) 608-7146  
Fax: (916) 608-7222  
bburns@caiso.com

Counsel for the California Independent  
System Operator Corporation

Dated: August 8, 2014

---

<sup>19</sup> See <http://www.caiso.com/rules/Pages/Regulatory/TariffArchive/Default.aspx> (page on CAISO website containing earlier versions of CAISO tariff).



## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on 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 Folsom this 8<sup>th</sup> day of August, 2014.

*Asl Anna Pascuzzo*

Anna Pascuzzo