

149 FERC ¶ 61,194
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;
Philip D. Moeller, Tony Clark,
and Norman C. Bay.

California Independent System
Operator Corporation

Docket No. ER15-402-000

ORDER GRANTING TARIFF WAIVER
AND DIRECTING INFORMATIONAL FILINGS

(Issued December 1, 2014)

1. In this order, we grant the California Independent System Operator Corporation's (CAISO) petition for limited waiver of the pricing parameters in sections 27.4.3.2 and 27.4.3.4 of its tariff for 90 days, effective November 14, 2014, as requested. We also direct CAISO to submit informational reports.

I. Background

2. The Energy Imbalance Market (EIM) was fully activated on November 1, 2014, following a one-month test period, during which CAISO ran a real-time representation of the EIM in a parallel but non-binding production environment. Under the EIM, entities with balancing authority areas outside of CAISO may voluntarily take part in the imbalance energy portion of the CAISO locational marginal price-based real-time market alongside participants from within the CAISO balancing authority area (BAA).¹ PacifiCorp's two BAAs—PacifiCorp East and PacifiCorp West—are the initial participants in the EIM.²

¹ *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231, *order on rehearing, clarification, and compliance*, 149 FERC ¶ 61,058 (2014) (conditionally accepting proposed tariff revisions to implement the EIM).

² *PacifiCorp*, 147 FERC ¶ 61,227, *order on rehearing, clarification, and compliance*, 149 FERC ¶ 61,057 (2014) (conditionally accepting in part and rejecting in part revisions to PacifiCorp's open access transmission tariff to enable participation in the EIM).

II. Waiver Request

3. CAISO seeks a 90-day waiver of the applicability of section 27.4.3.2³ and the second sentence of section 27.4.3.4 of its tariff to permit CAISO to address, without suspending the EIM, circumstances which it asserts produced atypically high prices during the initial weeks of EIM operation.
4. Currently, when there are not enough economic bids to clear the 15-minute and five-minute markets, CAISO's market software will price the shortages (and therefore set locational marginal prices) according to the pricing parameters specified in section 27.4.3 of its tariff.⁴ Sections 27.4.3.2 and 27.4.3.4 of CAISO's tariff provide that, for the purpose of determining how a transmission constraint or system-energy balance constraint will affect the determination of prices in the market, the pricing parameter for the relaxation of the constraint is \$1,000/MWh (the maximum energy bid price specified in tariff section 39.6.1.1).⁵ According to CAISO, transitional conditions in the EIM have caused the transmission and system energy-balance constraints described in tariff sections 27.4.3.2 and 27.4.3.4 to bind more frequently than expected in the weeks since the EIM began operation on November 1, causing prices in these intervals to be set by the

³ CAISO states that this petition for tariff waiver does not seek waiver of the applicability of this provision to residual unit commitment, as indicated in the second sentence of tariff section 27.4.3.2, which sets the corresponding pricing parameter at the maximum residual unit commitment availability bid price specified in tariff section 39.6.1.2.

⁴ Transmittal at 5-6. CAISO, FERC Electric Tariffs, CAISO eTariff, § 27.4.3, CAISO Markets Scheduling and Pricing Parameters (6.0.0).

⁵ *Id.* § 27.4.3.2 (“For the purpose of determining how the relaxation of a Transmission Constraint will affect the determination of prices in the [Integrated Forward Market] and [Real-Time Market], the pricing parameter of the Transmission Constraint being relaxed is set to the maximum Energy Bid price specified in Section 39.6.1.1. The corresponding pricing parameter used in the [Residual Unit Commitment] is set at the maximum [Residual Unit Commitment] Availability Bid price specified in Section 39.6.1.2.”); and § 27.4.3.4 (“In the [Real-Time Market], in the event that the Energy offers are insufficient to meet the CAISO Forecast of CAISO Demand, the [Security Constrained Unit Commitment] and [Security Constrained Economic Dispatch] software will relax the system energy-balance constraint. In such cases, the software utilizes a pricing parameter set to the maximum Energy Bid price specified in Section 39.6.1.1 for price-setting purposes.”).

\$1,000/MWh bid cap.⁶ CAISO believes that these high prices are not always indicative of actual physical conditions on the system, and reflect challenges in providing timely and complete data to ensure system visibility under the new procedures, exacerbated by limitations on the resources available to PacifiCorp for use in the EIM and several forced outages of large EIM participating resources.⁷

5. CAISO requests that the Commission grant limited waiver of section 27.4.3.2 and the second sentence of section 27.4.3.4 of CAISO's tariff with respect to constraints within the PacifiCorp East and West BAAs and constraints affecting EIM transfers between those BAAs. CAISO would retain the ability to relax the constraints described in those sections, but would use the same pricing mechanism that applies when there are sufficient economic bids—i.e., the last marginal economic bid would set the price—instead of setting the price at \$1,000/MWh.⁸ CAISO does not propose to apply the waiver to constraints within the CAISO BAA or constraints affecting EIM transfers between the CAISO BAA and PacifiCorp BAAs. According to CAISO, the requested waiver will allow it to price energy in the EIM area consistent with actual physical and competitive conditions, and will also permit CAISO to implement its local market power mitigation procedures, which otherwise do not apply when prices are set pursuant to the pricing parameters in section 27.4.3.⁹

6. CAISO asserts that the issues with system visibility and resulting pricing anomalies did not arise until after actual operations commenced. CAISO further states that, while CAISO and PacifiCorp have made significant progress in developing methods to improve system visibility and results, as well as enhanced procedures to support operational decisions based on available information, they need additional time to finish developing and implementing these improvements.¹⁰ CAISO claims that the 90-day waiver also will provide PacifiCorp time to make additional resources available to the EIM, which should help to mitigate the impact of any subsequent forced outages on supply.¹¹ CAISO notes that, while it is currently reviewing all of the pricing anomalies encountered thus far and correcting prices where appropriate, some of these prices may

⁶ Transmittal at 3, 11.

⁷ *Id.* at 8-11.

⁸ *Id.* at 12-13.

⁹ *Id.* at 11.

¹⁰ *Id.* at 8-9.

¹¹ *Id.* at 9-10.

be due to the need to adopt better practices generally rather than errors in data processing, and so may not be subject to correction.¹²

7. CAISO contends that, despite the pricing anomalies, implementation of the EIM has been successful on the whole, and that suspending the EIM is not warranted at this time, as these challenges do not raise reliability concerns.¹³ CAISO states that it will consider, in conjunction with its commitment to review EIM processes during the first year of operation, whether the tariff should be amended to adopt a similar transitional approach for additional entities joining the EIM.

8. CAISO submits that its requested waiver complies with the Commission's criteria for granting waiver of tariff provisions.¹⁴ First, CAISO maintains that the waiver is of limited scope, because it will only affect the pricing of energy when CAISO relaxes a transmission constraint or system-energy balance constraint in or between EIM BAAs, and will only last for a 90-day period.¹⁵ Second, CAISO contends that the waiver will address a concrete problem by enabling CAISO and PacifiCorp to eliminate or ameliorate the conditions resulting in pricing anomalies by paying resources the market prices for their energy.¹⁶ Third, CAISO asserts that the waiver will have no undesirable consequences, such as harming third parties, because it will not apply to prices in the CAISO BAA and should not have a material impact on prices outside of the PacifiCorp BAAs. In fact, CAISO states, it should benefit customers that would otherwise be subject to high prices not warranted by actual economic or physical conditions on the system.¹⁷

¹² *Id.* at 7-8. Section 35.4 of CAISO's tariff permits price correction under the following circumstances: "the occurrence of data input failure; the occurrence of hardware or software failure; or a result that is inconsistent with the CAISO Tariff."

¹³ Transmittal at 11-12. Tariff section 29.1(d) permits CAISO to suspend PacifiCorp's participation in the EIM temporarily "if market or system operational issues adversely impact any portion of the EIM Area" during the first 60 days after implementation.

¹⁴ Transmittal at 13-15.

¹⁵ *Id.* at 13-14.

¹⁶ *Id.* at 14.

¹⁷ *Id.* at 14-15.

9. CAISO requests that the waiver be made effective as of November 14, 2014 to prevent market participants from being subject to additional pricing anomalies.¹⁸ CAISO argues that granting an effective date one day after the filing of its petition is analogous to waiver of the 60-day prior notice period for tariff amendments, comports with the criteria the Commission uses to grant expedited consideration of orders, and provides requisite notice to customers.¹⁹

10. CAISO requests that the Commission act expeditiously and issue an order granting the waiver no later than November 26, 2014.²⁰ CAISO states that it will be able to re-run the market for the period between November 14, 2014 and the date of a Commission order approving the waiver. However, CAISO explains that issuing an order as quickly as possible will lessen the time needed to undertake these calculations, as well as the risk that there could be an incorrect resettlement due to the difficulty of determining the marginal economic bid, and also will enable CAISO to focus its efforts on resolving the issues underlying the pricing anomalies.

III. Notice and Responsive Pleadings

11. Notice of CAISO's filing was published in the *Federal Register*, 79 Fed. Reg. 70,513 (2014), with interventions and protests due on or before November 17, 2014. Timely motions to intervene were filed by Bonneville Power Administration and the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California. Timely motions to intervene and comments were filed by Iberdrola Renewables, LLC (Iberdrola Renewables), PacifiCorp, Western Power Trading Forum (WPTF), Southern California Edison Company (SoCal Edison), Pacific Gas and Electric Company (PG&E), and Utah Associated Municipal Power Systems (UAMPS). Deseret Generation & Transmission Co-operative, Inc. d/b/a Deseret Power (Deseret) filed a timely motion to intervene and answer to CAISO's waiver petition. Modesto Irrigation District and NextEra Energy Resources, LLC (NextEra Resources), and the Cities of Santa Clara, California and Redding, California and the M-S-R Public Power Agency filed motions for leave to intervene out-of-time. On November 19, 2014, CAISO filed an answer to the comments submitted in this proceeding.

¹⁸ *Id.* at 15-17.

¹⁹ *Id.* at 17 (citing *Cal. Indep. Sys. Operator Corp.*, 121 FERC ¶ 61,011 (2007)).

²⁰ *Id.* at 17-18.

12. All parties support granting CAISO's request for temporary waiver of the pricing parameters in tariff section 27.4.3 on an expedited basis,²¹ although certain parties ask the Commission to direct modifications to the waiver or additional measures in conjunction with the waiver. PacifiCorp asserts that the requested waiver meets the Commission's criteria for granting waiver of tariff provisions because it is limited both in duration and to specific CAISO tariff provisions, will remedy the concrete problem of system conditions that are not accurately reflected in the market, will help rather than harm third party suppliers, and reflects good faith efforts by CAISO and PacifiCorp both prior to commencement of the EIM and at the current time.²² SoCal Edison states that the limited waiver is reasonable, in light of the fact that the EIM is a "brand new construct" and that PacifiCorp is a new participant in the CAISO markets while also retaining its responsibilities as a balancing authority.²³ Iberdrola Renewables reports that its wind generating facility pricing node in the new EIM has experienced "numerous hours" of these pricing anomalies, and submits that CAISO's requested waiver will protect market participants from continued financial harm, while also allowing CAISO and PacifiCorp to resolve these temporary issues without suspending the EIM.²⁴ PG&E and WPTF also agree with CAISO that the requested waiver is preferable to a temporary suspension of the EIM.²⁵ WPTF suggests that continuing EIM operations may, in fact, be crucial to resolving the fundamental cause of the pricing anomalies.²⁶

13. PacifiCorp, UAMPS, and Deseret argue that CAISO's requested November 14, 2014 effective date does not provide sufficient protection for customers harmed by the pricing anomaly, and assert that the requested waiver should be made effective as of the commencement of the EIM, November 1, 2014.²⁷ UAMPS maintains that market participants, "many of which warned of precisely the problems that surfaced almost

²¹ Iberdrola Renewables Comments at 3; PacifiCorp Comments at 5; WPTF Comments at 3; SoCal Edison Comments at 3; PG&E Comments at 3; UAMPS Comments at 5; Deseret Answer at 7.

²² PacifiCorp Comments at 5-7.

²³ SoCal Edison Comments at 3.

²⁴ Iberdrola Renewables Comments at 3-4.

²⁵ PG&E Comments at 3; WPTF Comments at 3.

²⁶ WPTF Comments at 3.

²⁷ PacifiCorp Comments at 7-11; UAMPS Comments at 5-6; Deseret Answer at 13-14.

immediately,” should not be financially harmed by pricing anomalies that occurred before CAISO could recognize the problem and file its waiver petition.²⁸ PacifiCorp states that any waiver granted prior to the November 14, 2014 effective date requested by CAISO should only apply for periods where the prices have not already been corrected pursuant to CAISO’s price correction procedures.²⁹ PacifiCorp and Deseret assert that the Commission previously has granted waiver for periods prior to the submission of a waiver request.³⁰ PacifiCorp further contends that limiting relief for pricing anomalies prior to November 14, 2014 to those circumstances falling under CAISO’s price correction procedures (i.e., errors in data input) would be inequitable to customers, and that providing retroactive relief in this situation would not raise concerns about market participants being unable to change their actions.³¹

14. In addition, UAMPS and Deseret suggest that CAISO’s requested 90-day waiver period may not be sufficient to address the issues giving rise to the pricing anomalies, and assert that the waiver instead should be terminated only upon a demonstration that the issues have been resolved and the market is operating properly.³² UAMPS maintains that the Commission should direct CAISO to file a report with supporting data demonstrating the resolution of all issues affecting prices within 90 days of a Commission order granting the waiver, and that the waiver should then expire only after stakeholders have had an opportunity to comment on the report and the Commission has issued an order accepting the report.³³ Similarly, Deseret requests that the Commission direct CAISO to file a “comprehensive workplan to identify action items and a timeline to complete each mitigation step,” with regular progress reports, and require CAISO to demonstrate market liquidity and proper operations for a period of at least several months prior to removing

²⁸ UAMPS Comments at 5-6.

²⁹ PacifiCorp Comments at 7.

³⁰ *Id.* at 8-10 (citing *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,132 (2014); *Cal. Indep. Sys. Operator Corp.*, 121 FERC ¶ 61,011 (2007); *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,111 (2014); *New York Indep. Sys. Operator, Inc.*, 147 FERC ¶ 61,138 (2014); *Cal. Indep. Sys. Operator Corp.*, 139 FERC ¶ 61,207 (2012); *Cal. Indep. Sys. Operator Corp.*, 129 FERC ¶ 61,127 (2009)); Deseret Answer at 13 (citing *Southwest Power Pool, Inc.*, 141 FERC ¶ 61,102 (2012)).

³¹ PacifiCorp Comments at 10-11.

³² UAMPS Comments at 5; Deseret Answer at 11-12.

³³ UAMPS Comments at 5.

the waiver.³⁴ PG&E also asserts that CAISO should be required to file detailed monthly reports during the waiver period.³⁵ Although not expressly opposing the 90-day waiver period, PG&E requests that, should the price impacts persist after the waiver expires, the Commission require CAISO to identify the primary drivers of continued pricing anomalies and propose permanent solutions to be addressed by stakeholders.³⁶

15. In addition to the above concerns regarding the timing and duration of the waiver, parties also request additional measures that they assert will provide better protection to customers affected by the pricing anomalies. Iberdrola Renewables notes that “it is possible that additional corrective action will be required to remedy financial harm associated with pricing that is not representative of actual system costs” once it has an opportunity to review settlement information, which it will not receive until late December 2014.³⁷ Deseret and UAMPS each contend that the implementation challenges PacifiCorp has experienced were predicted in comments to the original proceeding on the EIM proposal, and urge the Commission to take additional action to protect market participants from these outcomes.³⁸ Deseret and PG&E maintain that CAISO’s Department of Market Monitoring should be called upon to provide close monitoring of bidding behavior during the waiver period to identify unintended consequences and potential causes for units not being offered into the market.³⁹ Deseret also requests that the Commission should permit stakeholders to submit further comments in this proceeding during the waiver period to ensure that parties have a meaningful opportunity to comment and establish a full record, particularly in light of the shortened initial comment period.⁴⁰ Deseret points out that CAISO and PacifiCorp may ultimately need to propose tariff amendments under section 205 of the Federal Power Act (FPA)⁴¹ in

³⁴ Deseret Answer at 11-12.

³⁵ PG&E Comments at 3.

³⁶ *Id.* at 4.

³⁷ Iberdrola Renewables Comments at 4.

³⁸ UAMPS Comments at 4-5; Deseret Answer at 9-11.

³⁹ Deseret Answer at 12; PG&E Comments at 3.

⁴⁰ Deseret Answer at 2-3, 12.

⁴¹ 16 U.S.C. § 824d (2012).

addition to the temporary waiver, and cautions that the grant of waiver should be without prejudice to CAISO and PacifiCorp determining that such a filing may be required.⁴²

16. SoCal Edison alleges that the EIM has impacted CAISO pricing nodes, including the Mona trading node, which is located in PacifiCorp's service area bordering the CAISO BAA.⁴³ SoCal Edison asserts that the prices at Mona are highly correlated with the prices in PacifiCorp East, and therefore requests that the Commission extend the application of CAISO's requested waiver to those CAISO BAA nodes that are adversely impacted by conditions described in the waiver petition.⁴⁴

17. WPTF stresses that the pricing anomalies are at least partially attributable to limited participation of third party suppliers in the EIM and PacifiCorp's exclusion of intertie energy from EIM participation.⁴⁵ WPTF states that minimizing barriers to participation by internal third party suppliers and enabling intertie participation is not likely to be accomplished during the 90-day waiver period, and so requested that the Commission require CAISO to file an update on the status of, and progress toward expanding, third party participation within the EIM within the first year of operation.⁴⁶

18. In its Answer, CAISO states that it does not oppose Deseret, UAMPS, and PacifiCorp's requests that the Commission grant the waiver effective November 1, 2014,⁴⁷ reasoning that the benefits of rerunning the market from November 1, 2014 through November 13, 2014 outweigh the burden on its time and resources to do so. However, CAISO asks that the waiver period remain in effect through February 12, 2015 (90 days from November 14, 2014) as originally requested. CAISO claims that UAMPS and Deseret's requests for a longer waiver period are not warranted, because the issues giving rise to its waiver petition are limited and capable of being resolved in 90 days, and because CAISO has already commenced a stakeholder process for enhancements to the

⁴² Deseret Answer at 2, 12, 14.

⁴³ SoCal Edison at 3.

⁴⁴ *Id.*

⁴⁵ WPTF Comments at 3-4.

⁴⁶ *Id.* at 4.

⁴⁷ CAISO Answer at 3-4.

EIM rules.⁴⁸ CAISO argues that detailed reporting is likewise unnecessary.⁴⁹ According to CAISO, interested parties will be able to verify the number of resources participating in the EIM and the frequency with which constraints are binding via publicly available information, and preparing detailed reports would derail CAISO staff from their efforts to address the pricing issues. CAISO further asserts that there is no need for the Commission to direct the Department of Market Monitoring to monitor EIM bidding, as the Department of Market Monitoring is already required to do this type of monitoring and to provide quarterly and annual reports on performance in the CAISO markets.⁵⁰ However, CAISO does not object to filing an informational update with respect to the status of third party participation within the first 12 months of EIM operation per WPTF's request, although CAISO notes that this information is publicly available.⁵¹

19. Additionally, CAISO states that SoCal Edison's request to extend the waiver to scheduling points in California, such as the Mona trading node, is based on a misinterpretation of the pricing information on its Open Access Same-Time Information System (OASIS).⁵² CAISO explains that SoCal Edison's assumption that the price at the Mona node is being impacted by the EIM results from the fact that the Mona price posted on OASIS represents the sum of congestion related to both EIM imbalance and CAISO intertie transactions. To avoid confusion, CAISO has agreed to "enhance" the OASIS price display to show prices broken out into the price for EIM imbalance transactions and the price for CAISO intertie transactions, consistent with the way that market participants receive these prices in their individual scheduling coordinator market interfaces. CAISO says it will implement this enhancement, and provide a report including prices back to November 1, 2014 by the end of January 2015. CAISO believes that this improvement in reporting should alleviate SoCal Edison's concerns.

IV. Discussion

A. Procedural Matters

20. Pursuant to Rule 2014 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely, unopposed motions to intervene serve to make

⁴⁸ *Id.* at 4-6.

⁴⁹ *Id.* at 6-7.

⁵⁰ *Id.* at 7.

⁵¹ *Id.* at 10.

⁵² *Id.* at 8-9.

the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2014), the Commission will grant the late-filed motions to intervene of Modesto Irrigation District, NextEra Resources, and the Cities of Santa Clara, California and Redding, California and the M-S-R Public Power Agency given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

21. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2014), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We will accept CAISO's Answer because it has provided information that assisted us in our decision-making process.

B. Commission Determination

22. The Commission grants CAISO's request for a 90-day waiver of the applicability of section 27.4.3.2 and the second sentence of section 27.4.3.4 of its tariff for constraints that are within PacifiCorp's BAAs or affect EIM transfers between PacifiCorp's BAAs, effective November 14, 2014 through February 12, 2015. The Commission has previously granted one-time waivers of tariff provisions in situations where, as relevant here: (1) the waiver is of limited scope; (2) a concrete problem needed to be remedied; and (3) the waiver did not have undesirable consequences, such as harming third parties.⁵³

23. We find that CAISO's requested waiver satisfies the foregoing criteria. First, CAISO's request for waiver is limited both in scope and application. The requested waiver will apply only for a 90-day period from November 14, 2014 to February 12, 2015, and is restricted to constraints within, and affecting transfers between, the PacifiCorp BAAs. Second, the waiver will remedy the concrete problem of the pricing anomalies by allowing CAISO to price energy in the PacifiCorp BAAs in a manner that better reflects actual physical and competitive situations. The waiver also will provide CAISO and PacifiCorp time to develop and implement long-term solutions to the circumstances giving rise to the pricing anomalies. Finally, we conclude that the waiver will not lead to undesirable consequences. While some parties request modifications to the waiver or additional measures in conjunction with the waiver, all parties support granting the requested waiver. As CAISO asserts, the waiver should not significantly affect prices outside of the PacifiCorp BAAs, and will benefit the customers in the PacifiCorp BAAs currently experiencing higher prices than may be justified by actual economic or physical conditions on the system. Moreover, intervenors generally support

⁵³ See, e.g., *PJM Interconnection, L.L.C.*, 146 FERC ¶ 61,078, at P 38 (2014); *Cal. Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,218, at P 22 (2014).

the limited waiver as preferable to a temporary suspension of the EIM.⁵⁴ We find that continuation of the EIM will allow CAISO to identify corrective measures while applying a pricing mechanism that temporarily addresses the price anomalies in the market.

24. We are not persuaded by intervenors' arguments that the waiver should be effective as of EIM start-up. Although CAISO states in its answer that it "does not object" to the request for an earlier effective date,⁵⁵ CAISO, as the applicant, is charged with proposing the specific effective date in this case.⁵⁶ In addition, we find that implementing the waiver as of the day after CAISO's filing of the waiver petition ensures that all customers had sufficient notice of the proposed effective date. Accordingly, we grant CAISO's request for waiver effective November 14, 2014, as requested in CAISO's waiver petition. We note that some of the pricing anomalies will be subject to correction under CAISO's existing price correction procedures, which may mitigate the impacts of pricing anomalies experienced during the first two weeks of EIM operations.

25. Although we grant CAISO's requested waiver as a temporary solution to the pricing anomalies currently affecting the EIM, intervenors raise valid questions regarding the timing and feasibility of CAISO's next steps, identification of any additional causes for the pricing anomalies, and related concerns. Accordingly, we direct CAISO to file detailed informational reports in this docket on the performance of EIM at 30-day intervals during the 90-day waiver period.⁵⁷ The first such report should be filed 30 days from the effective date of the tariff waiver, December 15, 2014. These reports should provide detailed supporting data demonstrating progress towards identifying and eliminating the problems giving rise to the waiver petition, including, but not limited to the following:

- (1) Quantitative and qualitative descriptions of market performance (covering both progress and remaining concerns) related to the issues that prompted CAISO's waiver request;

⁵⁴ See Iberdrola Renewables Comments at 3-4; PG&E Comments at 3; WPTF Comments at 3.

⁵⁵ CAISO Answer at 3.

⁵⁶ Cf. 16 U.S.C. § 824d (2012); *Designation of Electric Rate Schedule Sheets*, Order No. 614, FERC Stats. & Regs. ¶ 31,096, at 31,506 (2000) ("It is the utilities' responsibility to propose an effective date when they file tariff sheets with the Commission.").

⁵⁷ The reports will not be noticed for comment or require Commission action.

- (2) A description of, and status update regarding, measures being taken or planned to be taken to identify and address the market performance problems related to the issues that prompted CAISO's waiver request;
- (3) Independent assessments from the Department of Market Monitoring on the causes and solutions identified by CAISO;
- (4) Identification of any remaining deficiencies in CAISO and PacifiCorp processes, procedures, and tools and any additional market issues related to these pricing concerns that CAISO considers necessary to sustain stable market operations, along with CAISO's plan to address such issues; and
- (5) An exploration of impacts, if any, on non-EIM pricing nodes, including the Mona trading node identified in SoCal Edison's comments, as discussed below.

26. We note that identifying instances of relaxation to the system-energy balance constraint may be more difficult once the requested tariff waiver is in place, since the waiver will be preventing the previously easily identifiable price anomalies. As such, aside from any other data needed to be provided to comply with the above, the reports should identify and describe each relaxation event, and provide a summary of the magnitude and frequency of such events overall. In particular, CAISO should submit data on instances where the \$1,000/MWh price would have occurred but for this waiver, including the time of the instance, the duration, the cause, and the affected node(s) and load aggregation points. Should CAISO conclude that revisions to its tariff are necessary, we strongly encourage CAISO to file such revisions sufficiently in advance of the expiration of the waiver in order to avoid any subsequent financial impacts to market participants.

27. We do not believe that the additional measures requested by intervenors are warranted at this time. As discussed above, CAISO's requested waiver satisfies the Commission's criteria for granting waiver of tariff provisions and appears to be a reasonable means of addressing the pricing anomalies the EIM is currently experiencing. While the record does not support expanding the scope or duration of the waiver at this time, we expect that CAISO will make any necessary filings to undertake additional remedial measures should it determine that the pricing anomalies affect other customers, or should it identify additional market issues. Furthermore, the informational reports directed herein should provide stakeholders, as well as the Commission, with additional transparency regarding CAISO and PacifiCorp's efforts during the waiver period to address the issues raised in CAISO's filing.

28. Regarding WPTF's request that CAISO be directed to make a filing regarding the status of third party EIM participation by November 1, 2015, CAISO in its Answer offered to make an informational filing within the first year of EIM operations on third

party participation in the EIM. Consistent with CAISO's proposal, we will direct CAISO to file such a report,⁵⁸ which we believe addresses WPTF's request on this issue. Finally, we note that CAISO claims in its Answer that its planned enhancement of the OASIS price display will clarify that EIM pricing is not adversely impacting non-EIM pricing nodes.⁵⁹ However, CAISO should continue to monitor to ensure that such impacts are not occurring. Accordingly, to the extent that non-EIM pricing nodes such as the Mona trading node are impacted by EIM pricing within the PacifiCorp BAAs, CAISO is directed to identify any such impacts, and describe any actions it is taking or plans to take to address such impacts, in its monthly informational reports.⁶⁰

The Commission orders:

(A) CAISO's request for limited waiver of sections 27.4.3.2 and 27.4.3.4 of its tariff from November 14, 2014 to February 12, 2015 is hereby granted, as discussed in the body of this order.

(B) CAISO is hereby directed to file informational reports, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁵⁸ The report will not be noticed or require Commission action.

⁵⁹ CAISO Answer at 9.

⁶⁰ SoCal Edison also acknowledges that the requested waiver may resolve negative impacts experienced by these nodes. SoCal Edison Comments at 3 n.4.