

BPM Appeals Committee
Decision on Appeal of PRR 1122
March 11, 2020

The Executive Appeals Committee (Committee)¹ of the California Independent System Operator Corporation (ISO) convened on February 19, 2020, to consider the appeals brought by Pacific Gas & Electric Company and Six Cities² to Proposed Revision Request (PRR) 1122 to the ISO's Business Practice Manual (BPM) for Outage Management. Based on the briefs submitted and discussion during the Committee meeting, the Committee grants the appeal and directs ISO staff to take additional actions as detailed below.

PRR 1122 added a statement to the Outage Management BPM notifying market participants of the ISO's view that, based on the relevant tariff provisions, it is generally not appropriate for a generator or transmission operator to submit a forced outage after the ISO has rejected the same outage when submitted as a maintenance outage. The PRR 1122 language acknowledges that such "planned-to-forced" outage reporting may be necessary under some circumstances but that, depending on the precise situation, it "could be viewed as submitting 'false or misleading information' in violation of 18 CFR 35.41(b) and/or taking an outage not authorized by the ISO in violation of section 9 of the CAISO tariff." This statement is based on ISO staff's interpretation of section 9.3.2 of the ISO tariff and the definition in Appendix A to the tariff of the term "Forced Outage."

The Committee finds that the ISO staff's tariff interpretation is reasonable and that the statements added through PRR 1122 are a direct extension of that interpretation. However, the Committee also does not believe it is necessary or appropriate for a BPM to contain ISO staff's legal opinions. The role of a BPM is to provide implementation details.³ PRR 1122 goes beyond adding implementation detail and for that reason, the Committee grants the appeals.

Although it grants these appeals, the Committee is also concerned about the reliability risks that planned-to-forced outage reporting can pose for the ISO grid. The Committee also recognizes that ISO staff continues to have the authority to report conduct it deems suspicious or problematic, or otherwise may violate the ISO tariff or

¹ The Executive Appeals Committee, as set forth in Section 22.11.1.6 of the ISO tariff and the ISO Business Practice Manual for Change Management Section 2.4.10, is comprised of: Steve Berberich, President and Chief Executive Officer; Stacey Crowley, Vice President, External and Customer Affairs; and Roger Collanton, Vice President, General Counsel, and Chief Compliance Officer.

² The Six Cities refers to the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California.

³ BPM for BPM Change Management, §1.1 (BPMs "are intended to contain implementation detail, consistent with and supported by the CAISO Tariff, including: instructions, rules, procedures, examples, and guidelines for the administration, operation, planning, and accounting requirements of CAISO and the markets"); BPM for Outage Management, §1.1 ("BPMs "are intended to contain implementation details consistent with and supported by the ISO Tariff").

FERC rules, to the ISO's Department of Market Monitoring or the Federal Energy Regulatory Commission.

The Committee also finds that the appeal process has highlighted opportunities to improve the tariff. For this reason, ISO staff is directed, through a stakeholder process, to consider, as expeditiously as practicable, what amendments are necessary in the outage reporting sections of the ISO tariff to further clarify when planned-to-forced outage reporting is prohibited and when it is permitted. Such amendments to consider include, but are not limited to, amendments to the definitions of planned and forced outages, as appropriate. This process also should consider resolving any other potential ambiguities in section 9 of the tariff, as well as consideration of further illumination of the factors used in determining whether to approve or reject a planned outage, whether in the tariff or BPM, as appropriate. The Committee understands that issues with the ISO's planned outage substitution obligation process are a significant factor in market participants' view that planned-to-forced outage reporting is sometimes necessary. The Resource Adequacy Enhancements Initiative, which is scheduled for implementation in Fall 2021, is considering changes to this process. The Committee directs ISO staff to ensure that consideration of such changes remains in the scope of that initiative.