

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

**California Independent System)
Operator Corporation)** **Docket No. ER18-1-_____**

**PETITION FOR LIMITED TARIFF WAIVER OF THE CALIFORNIA
INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) respectfully requests a temporary suspension of the effectiveness, or limited waiver, of the tariff revisions accepted in the order issued in this proceeding on January 18, 2018.¹ The provisions governed by the January 18 Order have a February 15, 2018, effective date. Due to recently identified implementation issues with the tariff revisions at issue in this docket the CAISO cannot enact the provisions on February 15, 2018. The CAISO accordingly requests a temporary suspension of the effectiveness, or limited waiver, of the tariff revisions accepted in the January 18 Order until March 16, 2018.

Because of the limited amount of time before the current implementation date of February 15, 2018, the CAISO respectfully requests that the Commission provide for a shortened comment period of no more than 7 calendar days from the date of this filing and that the Commission issue an order on this request by March 1, 2018.

¹ *Cal. Indep. Sys. Operator Corp.*, 162 FERC ¶ 61,042 (2018) (January 18 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. Capitalized terms not otherwise defined herein have the meanings set forth in the CAISO tariff.

I. Background

On September 29, 2017, the CAISO filed tariff amendments in this proceeding to implement six stand-alone tariff changes that arise from the CAISO's reliability services initiative, Phase 1B and Phase 2 (RSI1b/RSI2).² The tariff revisions from both initiatives focused on improving the CAISO's rules governing the resource adequacy (RA) program by reducing unnecessary complexity and making them more equitable and efficient for market participants. The January 18 Order accepted the RSI1b/RSI2 tariff amendments as filed, with the requested February 15, 2018, effective date. The RSI1b/RSI2 filing explained that the RSI1b/RSI2 tariff amendments would apply beginning with the April 2018 RA month.³ The February 15 effective date, however, was needed because the tariff revisions mostly applied to market participant submission, and CAISO review, of monthly RA plans and supply plans. These processes all occur before the start of the RA month.

Separately, on January 29, 2018, the CAISO filed tariff amendments to modify the methodology that evaluates the availability of RA capacity and calculates the resulting charges and payments under the Resource Adequacy Availability Incentive Mechanism (RAAIM).⁴ These revisions were necessary because the existing methodology over-weights the availability of flexible resource adequacy (RA) capacity, compared to generic RA capacity, and

² *Cal. Indep. Sys. Operator Corp.*, Transmittal Letter, FERC Docket No. ER18-1 (Sept. 29, 2017) (RSI1b/RSI2 filing).

³ RSI1b/RSI2 filing, at 38.

⁴ *Cal. Indep. Sys. Operator Corp.*, Transmittal Letter, FERC Docket No. ER18-728 (Jan. 29, 2018) (January 29 RAIM filing).

assesses performance in a manner that skews performance incentives and inadvertently incentivizes resources to act contrary to the best interests of maintaining grid reliability at a just and reasonable cost. While the January 29 RAAIM filing is still pending before the Commission, the CAISO requested an April 1, 2018, effective date. This requested effective date was crafted to correspond with implementation of the RSI1b/RSI2 tariff amendments. Because the January 29 RAAIM filing did not address RA matters that occur before the start of the RA month, there was no need for the tariff provisions to become effective in advance of the April RA month.

II. Implementation Complications

Based on developments during the market simulation process, the CAISO and its market participants jointly have concluded that a February 15, 2018, effective date in advance of the April 2018 RA month is not feasible for the RSI1b/RSI2 tariff amendments. The need for delay is driven by issues with settlement statements produced recently during the market simulation. Market participants have been provided settlement statements from the simulated activities. However, the CAISO and market participants have identified that certain software defects and environment issues have caused the market simulation settlement statements to be flawed. As a result, participants have not been able to validate those statements. The CAISO believes the issues have been resolved and anticipates the settlements statements will be improved. Given the close connection that RA and RAAIM issues hold with the CAISO settlements process, however, it would not be prudent to implement the

RSI1b/RSI2 amendments without providing the CAISO and market participants an opportunity to fully validate the settlements processes associated with these changes. The software code associated with implementing the RSI1b/RSI2 tariff amendments are highly coupled with the RAAIM enhancement code and cannot be separated without significant additional effort. For this reason, a delay to RSI1b/RSI2 will necessitate a delay of planned implementation of the tariff provisions proposed in the January 29 RAAIM filing.⁵

III. Petition for Waiver

Good cause exists for the Commission to grant a limited waiver to suspend the effectiveness until March 16, 2018, of the tariff revisions that were accepted in the January 18 Order. The Commission previously has granted requests for tariff waivers 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.⁶ This waiver petition meets all four conditions.

The CAISO has acted in good faith because it did not determine until February 12 that a delay would be necessary. The CAISO promptly filed this request upon making that determination. The waiver is of limited scope in that it will apply only for one month, from February 15 until March 16. The waiver will also remedy the concrete problem that the CAISO cannot implement the tariff

⁵ Through a separate forthcoming filing, the CAISO will request a delay (from April 1, 2018, to May 1, 2018) of the planned effective date for the tariff provisions proposed in the January 29 RAAIM filing.

⁶ See, e.g., *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,072, at P 5 (2017); *N.Y. Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,061, at P 19 (2014); *PJM Interconnection, L.L.C.*, 146 FERC ¶ 61,041, at P 5 (2014); *ISO New England, Inc.*, 134 FERC ¶ 61,182, at P 8 (2011).

revisions on February 15 without risking implementation of potentially flawed systems. 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 intended effective date because the CAISO cannot deploy the necessary software until a later date.⁷ Further, the waiver will not have undesirable consequences because the CAISO can continue to operate using its existing RA tariff provisions in the interim.

Therefore, good cause exists to grant the CAISO's request for limited waiver of the current effective date of February 15, 2018, for the tariff revisions covered by this request.

IV. Request for Shortened Comment Period and Expedited Order

Because of the limited amount of time before the current effective date of February 15, 2018, the CAISO respectfully requests that the Commission provide a shortened comment period regarding this petition for limited tariff waiver of no more than 7 calendar days from the date of this filing. The CAISO also requests an order by March 1, 2018.

⁷ See, e.g., *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,072, at P 5; *Cal. Indep. Sys. Operator Corp.*, 141 FERC ¶ 61,184, at P 10 (2012).

V. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to grant this request for limited waiver to permit a delay in implementing the RSI1b/RSI2 tariff provisions.

Respectfully submitted,

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Dated: February 14, 2018

CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, 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, California this 14th day of February, 2018.

/s/ Grace Clark
Grace Clark