

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

**California Independent System
Operator Corporation**

Docket No. ER16-1983-_____

**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 November 8, 2016.^{1, 2} In the November 8 order, the Commission accepted the tariff amendments necessary for the CAISO to implement revisions to the local market power mitigation procedures used in the five-minute real-time dispatch (RTD) process. The provisions governed by the November 8 order have a January 30, 2017, effective date. Due to ongoing implementation issues the CAISO cannot enact the market power mitigation enhancements on January 30. The CAISO accordingly requests waiver of the identified tariff provisions to April 1, 2017.

Because of the limited amount of time before the current implementation date of January 30, 2017, the CAISO respectfully requests that the Commission provide for a shortened comment period of no more than 7 calendar days from

¹ The CAISO submits this petition for 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.

² *Cal. Indep. Sys. Operator Corp.*, 157 FERC ¶ 61, 091 (2016) (November 8 order).

the date of this filing and that the Commission issue an order on this request by January 28, 2017.

I. Background

On June 21, 2016, the CAISO filed tariff amendments (June 21 filing) in this proceeding to enhance the local market power mitigation procedures used in the RTD. The RTD is the most granular of the CAISO market processes, producing distinct unit dispatches and locational market prices for discrete five-minute increments.³ To protect against the exercise of seller-side market power resulting from insufficient or concentrated control of supply offers within a local area, the CAISO markets employ automated market power mitigation measures. The tariff amendments proposed in the June 21 filing would allow the CAISO to improve the accuracy of that mitigation, addressing situations where the CAISO currently under- and over-mitigates in the RTD.

II. Implementation Complications

Based on several factors, the CAISO no longer views the January 30 implementation date as practical. The requested January 30 effective date was based on assumptions about the resource intensiveness of other software-related projects occurring throughout 2016. Several of these projects, most notably the flexible ramping product,⁴ wound up requiring more staff resources than initially anticipated. As a result, progress on the RTD market power

³ The CAISO markets include both the day-ahead and real-time markets. The real-time market consists of the hour-ahead scheduling process, the fifteen-minute market, and the five-minute RTD. This proceeding only addresses the mitigation applicable to the five-minute RTD, which is one portion of the overall real-time market.

⁴ *Cal. Indep. Sys. Operator Corp.*, 156 FERC ¶ 61,226 (2016).

mitigation implementation was less rapid than initially anticipated. A second factor was interdependencies between the RTD market power mitigation software code and that of other projects, including the administrative pricing project,⁵ and the flexible ramping product. With delays in those projects occurring for various reasons, the CAISO concluded it was more efficient to coordinate a single spring 2017 software release covering all of the relevant projects, rather than proceeding in a piecemeal fashion. Finally, a January 30 go-live would not allow for market simulation. A delayed implementation date would permit market participants to have an opportunity to evaluate market simulation results in order to gain a better understanding of the new mitigation rules.

III. Petition for Waiver

Good cause exists for the Commission to grant a limited waiver to suspend the effectiveness until April 1, 2017, of the tariff revisions that were accepted in the November 8 order.

The Commission previously has granted requests for tariff waivers in situations where (1) the waiver is of limited scope; (2) a concrete problem needs to be remedied; and (3) the waiver did not have undesirable consequences, such as harming third parties.⁶ This waiver petition meets all three conditions.

⁵ *Cal. Indep. Sys. Operator Corp.*, Transmittal Letter, FERC Docket No. ER17-415-000 (Nov. 23, 2016).

⁶ *See, e.g., N.Y. Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,061, P 19 (2014); *PJM Interconnection, L.L.C.*, 146 FERC ¶ 61,041, P 5 (2014); *ISO New England, Inc.*, 134 FERC ¶ 61,182, P 8 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,004, P 10 (2010).

This waiver is limited in scope in that it will apply until April 1, 2017. This waiver also will remedy a concrete problem – neither the CAISO nor its stakeholders have tested the RTD mitigation software sufficiently to be confident that it is ready for deployment. Further, this waiver will not have undesirable consequences because granting this waiver would maintain the current RTD mitigation approach in place for a limited time. The current approach, while susceptible to enhancement, is not fundamentally flawed, and keeping it in place for a limited time would not cause any appreciable market harm. Therefore, good cause exists to grant the CAISO’s request for limited waiver of the current effective date of January 30, 2017, for the tariff revisions covered by this request.

IV. Request for Shortened Comment Period

Because of the limited amount of time before the current effective date of January 30, 2017, 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.

V. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to grant this request for limited waiver to permit the RTD market power mitigation enhancements tariff provisions, which otherwise would become effective as of January 30, 2017, to be implemented on April 1, 2017.

Respectfully submitted,

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Dated: January 13, 2017

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 13th day of January, 2017.

/s/ Grace Clark
Grace Clark