

158 FERC ¶ 61,072  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

January 27, 2017

In Reply Refer To:  
California Independent System  
Operator Corporation  
Docket No. ER16-1983-001

California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630

Attn: David Zlotlow, Esq.

Dear Mr. Zlotlow:

1. On November 8, 2016, the Commission issued an order accepting for filing, effective January 30, 2017, tariff amendments filed by the California Independent System Operator Corporation (CAISO) revising CAISO's local market power mitigation procedures used in the five-minute real-time dispatch process.<sup>1</sup>
2. On January 13, 2017, CAISO filed a petition (January 13 Petition) for a limited tariff waiver to modify the effective date of the tariff revisions accepted in the November 8 Order from January 30, 2017 until April 1, 2017. CAISO explains that the requested January 30, 2017 effective date was based on assumptions regarding its ability to staff and complete other software-related projects occurring throughout 2016.<sup>2</sup> According to CAISO, several of these projects wound up requiring more staff resources than initially anticipated, and as a result, progress on the market power mitigation implementation did not progress as quickly as anticipated. Furthermore, CAISO states that there are interdependencies between the market power mitigation software code and

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 157 FERC ¶ 61,091 (2016) (November 8 Order).

<sup>2</sup> January 13 Petition at 2.

that of other projects.<sup>3</sup> With delays in those projects occurring for various reasons, CAISO concluded that it was more efficient to coordinate a single spring 2017 software release covering all relevant projects, rather than proceeding in a piecemeal fashion. Finally, CAISO explains that implementing the market power mitigation procedures on January 30, 2017, would not allow for a market simulation, while a delayed implementation date would permit market participants to evaluate market simulation results and gain a better understanding of the new mitigation rules.<sup>4</sup>

3. CAISO argues that good cause exists to grant the waiver because it is of limited scope as it would only apply until April 1, 2017. CAISO states that the waiver would remedy a concrete problem because neither CAISO nor its stakeholders have tested the software sufficiently to be confident that it is ready for deployment. Lastly, CAISO contends that the waiver has no undesirable consequences because granting the waiver would maintain the current mitigation approach in place for a limited time. CAISO asserts that 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.<sup>5</sup>

4. Notice of CAISO's filing was published in the *Federal Register*, with protests and interventions due on or before January 20, 2017. None was filed.

5. The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.<sup>6</sup> We grant CAISO's unopposed petition to permit the tariff revisions the Commission previously accepted to be suspended until April 1, 2017. We find that the waiver is limited in scope, given the limited duration of time it will be in effect. We also agree with CAISO that the software should be tested and ready for deployment before the revised market mitigation provisions become effective, and that granting the requested waiver will help accomplish that goal. Finally, we find that no party will be harmed by

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<sup>3</sup> *Id.* at 2-3.

<sup>4</sup> *Id.* at 3.

<sup>5</sup> *Id.* at 3-4.

<sup>6</sup> See, e.g., *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 14 (2016); *Calpine Energy Servs., L.P.*, 154 FERC ¶ 61,082, at P 12 (2016); *New York Power Auth.*, 152 FERC ¶ 61,058, at P 22 (2015).

the request, which will maintain the existing approach to local market power mitigation for the duration of the waiver period. For these reasons, we grant CAISO's petition, as discussed herein.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.