

152 FERC ¶ 61,087
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

California Independent System
Operator Corporation

Docket No. ER15-402-001

ORDER DISMISSING REQUESTS FOR REHEARING

(Issued July 29, 2015)

1. On December 30, 2014 and December 31, 2014, respectively, Utah Associated Municipal Power Systems (UAMPS) and Deseret Generation and Transmission Cooperative, Inc. d/b/a Deseret Power (Deseret) each filed a request for rehearing of the Commission's December 1, 2014 order in this proceeding (December 1 Order).¹ The December 1 Order granted the California Independent System Operator Corporation's (CAISO) petition for limited waiver of the pricing parameters in sections 27.4.3.2 and the second sentence of section 27.4.3.4 of its tariff for 90 days, effective November 14, 2014. For the reasons discussed below, we dismiss as moot the requests for rehearing of the December 1 Order.

I. Background

2. On November 13, 2014, CAISO filed in Docket No. ER15-402-000 a petition (Initial Waiver Petition) seeking a 90-day limited waiver of the pricing parameters in sections 27.4.3.2 and 27.4.3.4 of its tariff. In the Initial Waiver Petition, CAISO explained that transitional conditions in the Energy Imbalance Market (EIM)² caused the

¹ *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,194 (2014).

² The EIM enables entities with balancing authority areas outside of CAISO to 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. *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).

transmission constraint and system energy-balance pricing parameters, described in these tariff sections, to bind more frequently than expected since the EIM began operation on November 1, 2014, resulting in high prices that were not always indicative of actual system conditions.³ CAISO requested that the waiver be made effective as of November 14, 2014, the day after the Initial Waiver Petition was filed, to prevent market participants from being subject to additional pricing anomalies.⁴

3. Intervenor generally supported CAISO's request for temporary waiver of the EIM pricing parameters, but some parties sought modifications or additional measures. As relevant here, UAMPS, Deseret, and PacifiCorp filed comments arguing that CAISO's requested November 14, 2014 effective date would not provide sufficient protection for customers harmed by the pricing anomalies and requesting that the waiver instead be made effective as of the commencement of the EIM, November 1, 2014. CAISO filed a subsequent answer stating that it did not oppose requests that the waiver be made effective November 1, 2014.

4. The December 1 Order granted the limited waiver effective as of November 14, 2014, the date requested in the Initial Waiver Petition.⁵ In response to the comments filed by PacifiCorp, UAMPS, and Deseret, the Commission stated that CAISO, as the applicant, was charged with proposing the effective date, and that the effective date requested in the Initial Waiver Petition ensured that all customers had sufficient notice of the proposed effective date. Based on representations in CAISO's pleadings, the Commission further noted 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."⁶

5. Subsequently, on January 31, 2015, CAISO filed in Docket No. ER15-817-000 an additional waiver petition (Second Waiver Petition) seeking to apply the same relief granted in the December 1 Order to the period from November 1, 2014 through November 13, 2014. CAISO stated in the Second Waiver Petition that it did not know the full impact of the pricing anomalies at the time that it submitted the Initial Waiver Petition, but that it subsequently discovered, after completing its price correction procedures for the first two weeks of EIM operation, that prices continued to remain high

³ Initial Waiver Petition at 3, 11.

⁴ *Id.* at 15-17.

⁵ December 1 Order, 149 FERC ¶ 61,194 at P 24.

⁶ *Id.*

and not reflective of actual market and operational conditions.⁷ CAISO asserted that applying the waiver to the period prior to the filing of the Initial Waiver Petition was therefore necessary to correct unjust and unreasonable prices resulting from the transition to the EIM.

II. Requests for Rehearing

6. UAMPS and Deseret each seek rehearing of the determination in the December 1 Order to deny UAMPS, Deseret, and PacifiCorp's requests to apply the waiver of the EIM pricing parameters starting at the commencement of the EIM on November 1, 2014, instead of CAISO's requested November 14, 2014 effective date. Both parties assert that pricing anomalies experienced during the first two weeks of EIM operation (i.e., prior to November 14, 2014) were more significant than those that occurred during the second two weeks (and to which the waiver was subsequently applied), and argue that the Commission's determination to deny relief for that period was in error.⁸

7. UAMPS argues that, while proposing the effective date was CAISO's responsibility, the Commission should have conditioned granting the waiver on modifying the effective date.⁹ UAMPS asserts that the December 1 Order's rationale of providing notice to customers is misplaced because the harm for the period from November 1, 2014 to November 13, 2014 had already been done, so providing notice of the effective date would not permit customers to take action to avoid harm, and that it and Deseret could not have taken any action to protect themselves, as they have no generation participating in the EIM.¹⁰ Deseret contends that customers were on notice of the aberrational pricing before CAISO's filing of the Initial Waiver Petition, and that the Commission has granted waiver requests where the waiver petition was filed months after the requested effective date.¹¹ Finally both parties assert that the potential for CAISO's price correction procedures to mitigate some of the impacts of the pricing anomalies was not a sufficient basis for denying relief in the form of the requested waiver.¹²

⁷ Second Waiver Petition at 13-17.

⁸ UAMPS Rehearing Request at 4-5; Deseret Rehearing Request at 4-5, 8-9.

⁹ UAMPS Rehearing Request at 4-5.

¹⁰ *Id.* at 5-6.

¹¹ Deseret Rehearing Request at 6-7.

¹² UAMPS Rehearing Request at 6-8; Deseret Rehearing Request at 7.

III. Discussion

8. In an order issued concurrently in Docket No. ER15-817-000, the Commission grants CAISO's petition to apply the waiver granted in the December 1 Order to the initial weeks of EIM operation as consistent with the Commission's criteria for granting waiver of tariff provisions.¹³ Accordingly, we find that requests for rehearing of the December 1 Order are moot, and dismiss them.

The Commission orders:

The requests for rehearing are hereby dismissed as moot, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹³ *Cal. Indep. Sys. Operator Corp.*, 152 FERC ¶ 61,086 (2015).