

132 FERC ¶ 61,004
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
and John R. Norris.

California Independent System Operator Corporation Docket No. ER10-1634-000

ORDER ON REQUEST FOR TARIFF WAIVER

(Issued July 1, 2010)

1. On June 29, 2010, the California Independent System Operator Corporation (CAISO) and the City of Riverside, California (Riverside) jointly filed a request for limited waiver of certain sections of CAISO's Open Access Transmission Tariff (Tariff) to address an inadvertent data entry error that resulted in an overcharge of almost \$30 million to Riverside. CAISO and Riverside also request a one-day comment period to allow the Commission to address the request expeditiously. In this order, we grant the requested waivers.

I. Background

2. Riverside is the scheduling coordinator for the City of Corona, California (Corona), a utility distribution company and non-participating transmission owner (Non-PTO) in the CAISO balancing authority area. Under the CAISO Tariff, scheduling coordinators for a Non-PTO incur a wheeling access charge if they schedule load between the CAISO controlled grid and the Non-PTO in an amount exceeding the Non-PTO's existing transmission contract limit. The wheeling access charge is remitted to the participating transmission owner of the facilities at the point where the power exits the CAISO controlled grid to serve the Non-PTO load. To calculate the wheeling access charge, CAISO relies on self reported data from scheduling coordinators on these transactions between Non-PTOs and the CAISO controlled grid.

3. On May 3, 2010, Riverside submitted Corona's load data for the month of April 2010 to CAISO. Riverside failed to convert this data from kWh to MWh, resulting in a 1000-fold error in the calculation of its wheeling access charge. Corona was assigned a wheeling access charge of \$29,825,320.37, an overcharge of \$29,795,495.05, to be remitted to Southern California Edison (SoCal Edison), the relevant participating transmission owner.

4. CAISO alerted Riverside to the possible error on June 3, 2010, and Riverside corrected it on that day. However, the first cycle of CAISO's invoices were already in production, and CAISO was not able to correct the invoices within the prescribed deadline.¹ Under the CAISO Tariff, payment for the first cycle of invoices, which were released on June 24, 2010, is due on July 1, 2010. The next opportunity to correct the invoice would be under the next cycle of invoices.

II. Request for Waiver and Expedited Action

5. Under the provisions in the CAISO Tariff, a scheduling coordinator must pay all net debits contained in an invoice regardless of whether a portion of the debit rests on disputed charges. Section 11.29.8.7 of the Tariff requires each scheduling coordinator to pay any net debit shown in an invoice on the prescribed payment date, whether or not there is any dispute regarding the amount of the debit. Section 11.29.11 of the Tariff provides that each scheduling coordinator must remit to CAISO the amount shown in the invoice not later than 10:00 a.m. on the payment date (i.e., July 1, 2010). Additionally, Section 12.1.2 of the Tariff requires that a market participant post a financial security to cover its estimated aggregate liability resulting from CAISO charges, including the wheeling access charge. CAISO and Riverside jointly request waiver of these provisions to prevent Riverside from paying the erroneous amount to CAISO (and CAISO to remit payment to SoCal Edison) and to relieve Riverside from the obligation to post additional financial security resulting from the miscalculation.

6. CAISO and Riverside state that good cause exists to waive the requirement for Riverside to remit payment to SoCal Edison and to post a financial security based on the erroneous wheeling access charge. CAISO and Riverside state that a waiver would allow Riverside to avoid the financial consequences of paying a sum far out of proportion to its typical obligations and the ancillary financial impact of increased financial security requirements. CAISO and Riverside additionally state that the waiver would produce no undesirable consequences and would not be discriminatory or harmful toward any market participant. They also note that SoCal Edison would be spared any harm it would incur from having to refund the overcharge plus interest to Riverside when the erroneous charge is eventually corrected on a future invoice. In addition, CAISO and Riverside state that, if Corona was unable to access resources to pay the overcharge, non-payment would trigger the temporary implementation of default loss allocation procedures, which

¹ Recalculation Settlement Statements, the relevant invoice in this proceeding, must be released 38 business days from the relevant trading day. CAISO, FERC Electric Tariff, Fifth Replacement Tariff, Section 11.29.7.

would involve unnecessary complications on behalf of all market participants. CAISO and Riverside further state that they have received authorization from both Corona and SoCal Edison to represent that they support this request for waiver.

7. CAISO and Riverside emphasize that the request for waiver is limited in scope, and that CAISO will only modify the erroneous wheeling access charge. They state that all other invoice amounts, including the grid management charge, which has been overstated due to the inflated wheeling access charge, will be left intact. All other necessary corrections will be made through revised invoices.

8. CAISO and Riverside request a Commission order on the request for waiver by July 1, 2010 to prevent the undesirable outcomes that will ensue on the payment date. CAISO and Riverside further request that the comment period be shortened to June 30, 2010 to facilitate Commission action by July 1, 2010.

III. Notice of Filing

9. The Commission issued notice of CAISO's filing, with interventions and protests due on or before July 1, 2010, 10 a.m. None was filed.

IV. Discussion

10. Historically, the Commission has granted one-time waivers of tariffs where an emergency situation or an unintentional error was involved.² Specifically, in the past, the Commission has granted tariff waivers where: (1) the underlying error was made in good faith; (2) the waiver was of limited scope; (3) a concrete problem needed to be remedied; and (4) the waiver did not have undesirable consequences, such as harming third parties.³

11. Here, Riverside's error in submitting Corona's data to CAISO for the month of April 2010, without having converted the data from kWh to MWh, was made in good faith, and the requested relief is limited as it applies only to a few parties. Further, the requested waivers will remedy the problem of unnecessarily imposing large financial obligations on both Riverside and Corona, including an obligation to post the associated

² *Cal. Indep. Sys. Operator Corp.*, 118 FERC ¶ 61,226, at P 24, *order on reh'g*, 120 FERC ¶ 61,180 (2007).

³ *ISO New England, Inc.*, 117 FERC ¶ 61,171, at P 21 (2006) (citing *Wisvest-Connecticut*, 101 FERC ¶ 61,372, at 62,551 (2002); *Great Lakes Gas Transmission Limited Partnership*, 102 FERC ¶ 61,331 (2003); *TransColorado Gas Transmission Co.*, 102 FERC ¶ 61,330 (2003); *Northern Border Pipeline Co.*, 76 FERC ¶ 61,141 (1996)).

financial security, which would greatly exceed their typical payment obligations, and might possibly result in a non-payment default scenario. Granting the requested waivers will also avoid burdening SoCal Edison with repaying the excess amount it receives plus interest. Finally, the proposed tariff waivers will have no adverse impacts on third parties.

12. Accordingly, since CAISO and Riverside have shown good cause for their request, the Commission will grant waiver of Sections 11.29.8.7, 11.29.11, and 12.1.2 of the Tariff insofar as these sections would require Riverside to pay a wheeling access charge of approximately \$30 million and post the associated financial security (and insofar as CAISO would be obligated to pay the erroneous amount to SoCal Edison). We note that this is a one-time waiver and that this order does not relieve Riverside of its obligation to pay the correct amount of its wheeling access charge and any other invoiced amounts.

The Commission orders:

CAISO and Riverside's joint request for waiver is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Document Content(s)

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