

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

CXA La Paloma, LLC	)	
	)	
v.	)	Docket No. EL18-177-000
	)	
California Independent System Operator Corporation	)	
	)	

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION FOR AN EXTENSION OF TIME TO ANSWER COMPLAINT**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.212, the California Independent System Operator Corporation (“CAISO”) hereby requests that the Commission grant it an extension of time, until August 24, 2018, to properly consider and respond to the Complaint filed in the above-referenced proceeding on June 21, 2018 by CXA La Paloma, LLC (“La Paloma”). The CAISO is authorized to state that La Paloma does not oppose the extension requested by the CAISO.

The CAISO also requests that the Commission require any responses to this motion by June 27, 2018, and issue an order granting the motion no later than June 29, 2018.

**I. BACKGROUND**

The Complaint alleges that the resource adequacy (“RA”) program in California is unjust, unreasonable, and unduly discriminatory. Among other things, the Complaint alleges that the California Public Utilities Commission (“CPUC”) has discriminated against existing generation and fossil fuel resources through the administration of its

long-term procurement process, and that the CPUC is favoring demand response and renewable resources. The Complaint also alleges that payments to new resources vastly exceed payments to existing resources, and market revenues are inadequate to sustain existing generators, primarily because the entry of renewable resources has driven down prices. The Complaint also states that the CAISO is being forced to rely on backstop procurement rather than durable market mechanisms to maintain reliability.

La Paloma requests that the Commission require the CAISO to implement a centralized capacity market that includes flexibility requirements to generate price signals necessary to attract and retain needed resources and to incentivize appropriate investment in new facilities. La Paloma also asks the Commission to direct the CAISO to implement a downward sloping demand curve, uniform locational pricing, and other features. Finally, La Paloma asks the Commission to order the CAISO to implement a transitional payment mechanism in the interim to ensure that existing resources are justly compensated for the capacity they provide.

## **II. EXTENSION OF TIME**

La Paloma filed the Complaint on June 20, 2018. The Commission issued a Notice on June 21, 2018, setting July 10, 2018 as the date for parties to file answers to the Complaint. The CAISO has reviewed the Complaint and requests additional time – until August 24, 2018 -- to respond to the Complaint due to the scope, nature, and number of the allegations in the Complaint and the press of other matters, including commitments and obligations arising from regulatory proceedings and stakeholder processes pertaining to resource adequacy reform and flexible capacity needs.

The scope of the Complaint is far reaching. The Complaint proposes to overhaul the existing RA paradigm in the CAISO balancing authority area and replace it with a completely different framework. Specifically, the Complaint proposes to replace a bilateral procurement framework that load serving entities currently undertake with a mandatory centralized capacity market. The Complaint raises numerous allegations which the CAISO must address, including, among other things: (1) claims regarding the performance of the existing RA program; (2) claims regarding the CAISO's use of backstop procurement; (3) proposed transitional payments to existing resources; (4) the proposed downward sloping demand curve; (5) jurisdictional issues; (5) the need for a centralized capacity market; (6) undue discrimination claims; (7) claims regarding compensation for existing resources; and (8) more than 40 pages of allegations and exhibits in the affidavit submitted with the Complaint.

Another important reason supporting the requested extension is that the CAISO personnel with expertise in and responsibility for RA matters -- which is the subject matter of the Complaint -- are actively involved in RA-related proceedings at the CPUC and CAISO stakeholder initiatives. These same staff are needed to review and assess the Complaint, address the numerous allegations, and participate in developing a response. In particular, these personnel are in the midst of a proceeding at the CPUC that is examining long-term reforms and enhancements to the RA program, including matters such as multi-year RA procurement and central buyer issues. Important enhancements to the RA program are likely. For example, in its recent decision (page 28) in Track 1 of the RA proceeding in Docket No. R.17-09-020 the CPUC has signaled its intent to adopt multi-year local RA procurement requirements for the 2020

compliance year. The decision also stated that a central buyer should procure at least some portion of local RA and directed parties to submit multi-year requirement proposals that incorporate a central buyer to address the ability to procure all resource attributes, including flexible RA.<sup>1</sup> Although the decision stated that the CPUC would not adopt system or flexible multi-year requirements at this time, particularly in light of anticipated changes to the flexible RA construct, the decision stated that going forward the CPUC may consider an expansion of multi-year requirements to flexible and/or system RA. The decision also identifies issues other than multi-year procurement and a centralized buyer to be addressed in the Track 2 proceeding. These include, but are not limited to, flexible RA capacity requirements, potential changes to system requirements (e.g., changes in the planning reserve margin or load forecast used to establish system RA requirements), and qualifying capacity rules. The issues are not limited to these, and parties may propose other changes to the RA program. The CAISO is actively participating in the CPUC's proceeding to pursue potential enhancements to the RA program and address others' proposed enhancements. La Paloma has an opportunity to participate in this proceeding as well and seek changes to the existing RA program.

In addition to evaluating and answering the Complaint, the same CAISO staff has the following obligations in the CPUC's Track 2 proceeding (in addition to other matters in which they are involved):<sup>2</sup>

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<sup>1</sup> The decision is available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M216/K633/216633681.docx>. This decision was approved by the CPUC on June 21, 2018, D.18-06-030, but the approved decision has not yet been issued.

<sup>2</sup> In addition, the CAISO staff responsible for evaluating and responding to the Complaint are

Testimony and Party Proposals	July 10
Workshop on Testimony and Proposals	Mid-July
Responsive Testimony	August 8
Evidentiary Hearing	Late August

Given the CAISO’s active role in the CPUC’s RA proceeding, the significance of the potential reforms being addressed in that proceeding and their potential effect on the claims raised in the Complaint, and the need to fully, deliberately, and effectively participate in that proceeding, and to evaluate and respond to the Complaint, the CAISO needs the additional time requested herein. In particular, the CAISO must carefully consider the positions it is taking in that proceeding and their potential interrelationship with the issues raised in the Complaint. It is important that the CAISO have sufficient time after filing responsive testimony in the Track 2 proceeding on August 8, 2018 to prepare and finalize an answer to the Complaint.

Granting an extension will enhance the record that is available to the Commission when it rules on the Complaint, which constitutes good cause to grant this motion. *See Complaint Procedures*, Order No. 602-A, FERC Stats. & Regs. ¶ 31,076 at 30,856 (1999) (clarifying that the Commission will “be flexible” in considering extensions of the time to answer complaints and will “favor” extensions that foster the development of the record early in the complaint process); *see also* 18 C.F.R. § 385.2008 (authorizing extensions of time “for good cause”).

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involved in ongoing RA-related stakeholder matters including Flexible Capacity requirements and reform of the Reliability Must Run framework and Capacity Procurement Mechanism. The CAISO encourages La Paloma to actively participate in these initiatives.

The requested extension is not unreasonable. La Paloma has not requested Fast Track processing of the Complaint.<sup>3</sup> Further, the Complaint leaves open to future resolution in subsequent filings many of the specific details of the general concepts La Paloma requests the Commission to adopt. Such unresolved details include, *inter alia*, specific performance measures, buyer and seller-side market power mitigation, and specific flexibility requirements. The Complaint recognizes that coordination between the CAISO, CPUC, and relevant stakeholders will be necessary for implementation. These matters cannot reasonably be resolved overnight.

### III. CONCLUSION

For the foregoing reasons, Respondents respectfully request that the Commission expeditiously grant this motion for an extension and grant the CAISO until August 24, 2018 to respond to the Complaint.

Respectfully submitted,

**By: /s/ Anthony J. Ivancovich**

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June 22, 2018

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<sup>3</sup> Complaint at 50.

## 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 22<sup>nd</sup> day of June, 2018.

/s/ Grace Clark  
Grace Clark