

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

California Independent System Operator Corporation)	Docket No. ER11-3616-___
)	
California Independent System Operator Corporation)	Docket No. ER13-2192-___
)	
		(Not Consolidated)

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO MODIFY EFFECTIVE DATE OF TARIFF REVISIONS
AND REQUEST FOR SHORTENED RESPONSE PERIOD**

The California Independent System Operator Corporation (“ISO”)¹ respectfully submits this motion to modify the proposed effective date of the tariff revisions accepted and submitted on compliance in this proceeding.² The ISO requests that the effective date of the tariff revisions to allow the participation of reliability demand response resources in the ISO’s wholesale markets be modified from April 1, 2014 to May 1, 2014.³ Good cause exists for the Commission to grant this request because it is necessary to accommodate recent changes to the schedule for implementing such tariff revisions as part of the ISO’s spring 2014 release of market enhancements, which was originally scheduled for April 1 but now cannot be implemented until May 1.

¹ Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the ISO tariff.

² The ISO files this motion pursuant to Rules 212 and 2008(a) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.2008(a).

³ The term “reliability demand response resource” is sometimes abbreviated as “RDRR.”

Any answer to this motion should be due within five days after this motion is filed. The ISO requests that the Commission grant this motion by April 1, 2014.

I. Background

A. The ISO's Filings in These Proceedings

On May 20, 2011, the ISO filed tariff revisions in Docket No. ER11-3616 to allow a new type of demand response resource, the reliability demand response resource, to participate in the ISO's wholesale markets.⁴ On February 16, 2012, the Commission issued an order rejecting the proposed tariff revisions.⁵ The Commission rejected the tariff revisions finding that they were subject to, but did not comply with, the requirements of the Commission's Order No. 745 on demand response compensation in wholesale energy markets.⁶

On March 14, 2012, the ISO filed a request for rehearing of the February 16, 2012 order. Among other things, the ISO urged the Commission to find that the entire reliability demand response resource proposal should not be rejected

⁴ On June 27, 2011, the ISO filed an answer to comments regarding the May 20, 2011 filing that included minor corrections to typographical errors in the May 20 filing that the ISO proposed to correct in a compliance filing. The ISO filed additional explanations of its tariff revisions that included proposed clarifying modifications to the tariff revisions on September 21 and December 19, 2011, in response to written requests from Commission staff for further information regarding the May 20, 2011 filing.

⁵ *California Independent System Operator Corp.*, 138 FERC ¶ 61,117 (2012) ("February 16, 2012 order").

⁶ *Id.* at PP 27-30 (citing *Demand Response Compensation in Organized Wholesale Energy Markets*, Order No. 745, FERC Stats. & Regs. ¶ 61,322 ("Order No. 745"), *order on reh'g and clarification*, Order No. 745-A, 137 FERC ¶ 61,215 (2011)). The Commission rejected the tariff revisions without prejudice to the ISO re-filing a reliability demand response resource program that complies with the requirements of Order No. 745. *Id.* at P 27.

solely because the Commission had determined that one element of that proposal, related to cost allocation, did not comply with Order No. 745.

The Commission granted the ISO's March 14, 2012 request for rehearing in an order issued on July 18, 2013.⁷ The Commission explained that its rejection of the tariff revisions in the February 16, 2012 order was premised on the ISO not having a cost allocation methodology for demand response resources participating in the ISO markets that was consistent with Order No. 745. In the July 18, 2013 order, the Commission found that the ISO's March 14, 2012, compliance filing addressing Order No. 745 compliance included a cost allocation methodology for proxy demand resources – a category of resources eligible to participate in the ISO's markets comparable to reliability demand response resources in most respects – that satisfied the requirements of Order No. 745. Based on this finding, the Commission stated that it would reconsider the reliability demand response resource tariff revisions.⁸ Based on its reconsideration, the Commission accepted the ISO's reliability demand response resource proposal subject to certain changes to be submitted in a compliance filing.⁹

⁷ *California Independent System Operator Corp.*, 144 FERC ¶ 61,047 (“July 18, 2013 order”).

⁸ July 18, 2013 order at PP 20, 29.

⁹ *Id.* at P 38 (“We accept CAISO's RDRR proposal because it will provide access to wholesale energy markets for customers with reliability demand response resources, or their aggregators, and will be another tool for CAISO to address emergency and near-emergency situations”); *see also Id.* at P 61 (“On rehearing, we accept the CAISO RDRR proposal as compliant with Order No. 719, as related to Demand Response Providers' participation in the CAISO markets, subject to the compliance filing directed below.”)

On August 19, 2013, the ISO submitted revised reliability demand response resource tariff provisions to comply with the July 18, 2013 order. The August 19, 2013 compliance filing was assigned to Docket No. ER13-2192. In the August 19, 2013 compliance filing, the ISO requested that the Commission accept these tariff revisions effective April 1, 2014. The ISO noted that the July 18, 2013 order does not specify a new effective date for the reliability demand response resource tariff provisions. The ISO explained that implementing the reliability demand response resource proposal will require modifications to the ISO markets software, testing, and market simulation. The ISO included the reliability demand response functionality in its spring 2014 release of market enhancements, which was originally scheduled for April 1. The requested April 1, 2014 effective date was intended to provide the ISO and market participants with sufficient time to implement and test all of the functionality, including the reliability demand response functionality, prior to summer 2014.

Three motions to intervene were filed in response to the August 19, 2013 compliance filing. No party submitted protests or any substantive comments opposing the compliance filing. Commission action on the August 19, 2013, compliance filing is pending.

B. Recent Changes to the Schedule for Implementing the Spring 2014 Release of Market Enhancements

The ISO has recently found that changes are required in the schedule for implementing the spring 2014 release of market enhancements. Prior to implementing the new market enhancements, the ISO must complete the testing, staging, and production of the market optimization software required to

implement certain market design enhancements scheduled for the spring 2014 release. The software must be promoted to the stage environment approximately three weeks prior to the effective date in order to perform the final load and performance testing. The ISO's testing phase will evaluate the completeness and quality of the delivered software solution. The testing will include functional testing of software to determine if the software product meets the business and system requirements identified by the ISO during the requirements and design phases, as well as how the software performs with the integration of downstream applications, including the ISO's settlement system. This level of testing is standard practice when deploying new software code or changes in any software code. The ISO believes that financial risks to market participants and the potential for issues with overall market solution quality caused by insufficient testing of the software are not acceptable outcomes from a software deployment perspective. The actual promotion of the code into the production environment must start approximately one week prior to the effective date in order to preserve the integrity of the deployment.

The ISO has two major releases per year for new market functionality. This allows the ISO to manage numerous changes to its processes and software in a streamlined and controlled manner. By scheduling two predictable and staged releases, the ISO can support a larger volume of enhancements while minimizing both technical and financial impacts to the ISO and its market participants. The ISO implements its annual spring release on the first day of the applicable spring month. Because the originally scheduled April 1

implementation date for the spring 2014 release is no longer feasible, the ISO has rescheduled the spring 2014 release for May 1. The successful deployment of the spring 2014 release on May 1 will also ensure the timely implementation of the ISO's new energy imbalance market. This will allow balancing authorities throughout the west to voluntarily participate in the real-time imbalance energy market operated by the ISO, scheduled to become operational on October 1, 2014.¹⁰

II. Motion for May 1, 2014 Effective Date for Tariff Revisions Pursuant to Commission Order Issued by April 1, 2014

Good cause exists for the Commission to modify the effective date of the tariff revisions conditionally accepted in the July 18, 2013 order and the tariff revisions submitted in the ISO's August 19, 2013 filing to comply with that order. Due to changes to the schedule for implementing the spring 2014 release, as discussed above, the tariff revisions will not be implemented until May 1. Any answer to this motion should be due within five days after this motion is filed.¹¹ The Commission should issue an order by April 1 that grants the ISO's request to modify the effective date of the tariff revisions.

The ISO does not propose any changes to the substantive tariff revisions themselves, but seeks only a one-month extension of their effective date from April 1 to May 1. If the Commission determines that the filing of this motion triggers a new comment period as to the ISO's August 19, 2013 compliance

¹⁰ On February 28, 2014, the ISO filed tariff revisions in Docket No. ER14-1386 to implement the new energy imbalance market effective October 1, 2014.

¹¹ See 18 C.F.R. §§ 385.213(d)(1)(i).

filing, any new comments should be limited to the merits of the requested one-month extension of the effective date.

After the Commission grants this motion, the ISO will make any necessary changes on compliance to the eTariff records for the tariff revisions to reflect their new May 1 effective date.

III. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to issue an order by April 1, 2014 that modifies the effective date of the tariff revisions accepted and submitted on compliance in this proceeding from April 1 to May 1, 2014.

Respectfully submitted,

/s/ Sidney M. Davis

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Dated: March 14, 2014

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each party listed on the official service list for this proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010 (2013)).

Dated at Washington, DC on this 14th day of March, 2014.

/s/ Sean Atkins
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