

146 FERC ¶ 61,205  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;  
Philip D. Moeller, John R. Norris,  
and Tony Clark.

California Independent System Operator  
Corporation

Docket No. ER14-495-000

ORDER ON COMPLIANCE FILING

(Issued March 20, 2014)

1. On November 27, 2013, the California Independent System Operator Corporation (CAISO) submitted revisions to its tariff to comply with the meteorological and forced outage data reporting requirements of Order No. 764.<sup>1</sup> In a separate filing, CAISO submitted a proposal under section 205 of the Federal Power Act (FPA)<sup>2</sup> to implement market changes, including 15-minute scheduling and settlement processes, which CAISO contends would comply with the intra-hour scheduling requirements of Order No. 764.<sup>3</sup> In this order, we conditionally accept CAISO's compliance filing, to be effective on May 1, 2014, subject to further modification, as discussed below.

**I. Background**

2. On June 22, 2012, the Commission issued Order No. 764, which requires each public utility transmission provider to: (1) offer intra-hourly transmission scheduling at 15-minute intervals; and (2) incorporate provisions into the *pro forma* Large Generator Interconnection Agreement (LGIA) requiring interconnection customers whose

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<sup>1</sup> *Integration of Variable Energy Resources*, Order No. 764, FERC Stats. & Regs. ¶ 31,331, *order on reh'g*, Order No. 764-A, 141 FERC ¶ 61,232 (2012), *order on reh'g*, Order No. 764-B, 144 FERC ¶ 61,222 (2013).

<sup>2</sup> 16 U.S.C. §824d (2012).

<sup>3</sup> CAISO, Tariff Amendment, Docket No. ER14-480-000 (filed November 26, 2013) (Section 205 Filing).

generating facilities are variable energy resources (VER)<sup>4</sup> to provide meteorological and forced outage data to the public utility transmission provider for the purpose of power production forecasting. The Commission also provided guidance regarding the development and evaluation of proposals related to recovering the costs of regulation reserves associated with VER integration.<sup>5</sup>

3. The reforms adopted in Order No. 764 were designed to remove barriers to the integration of VERs and to ensure that the rates, terms, and conditions for Commission-jurisdictional services provided by public utility transmission providers are just and reasonable and not unduly discriminatory or preferential.<sup>6</sup> Upon noting the increasing number of VERs being brought online, the Commission found that reforms were needed to ensure that transmission customers are not exposed to excessive or unduly discriminatory charges, and that public utility transmission providers have the information needed to efficiently manage reserve-related costs.

4. On December 20, 2012, the Commission issued Order No. 764-A, largely affirming the reforms adopted in Order No. 764. Among other things, Order No. 764-A extended the deadline for compliance with Order No. 764 to November 12, 2013.<sup>7</sup> On September 19, 2013, the Commission issued Order No. 764-B, which granted in part and denied in part the requests for clarification and denied the requests for rehearing of the Commission's determinations in Order No. 764-A.<sup>8</sup>

5. CAISO's compliance filing to Order No. 764 is discussed by issue below.

## **II. Notice of Filing and Responsive Pleadings**

6. Notice of CAISO's filing was published in the *Federal Register*, 78 Fed. Reg. 76,829 (2013), with protests and interventions due on or before December 18, 2013. A notice of intervention was filed by the Public Utilities Commission of the State of

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<sup>4</sup> Order No. 764 defined a VER as a device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator.

<sup>5</sup> Order No. 764, FERC Stats. & Regs. ¶ 31,331 at P 4.

<sup>6</sup> *Id.* P 1.

<sup>7</sup> Order No. 764-A, 141 FERC ¶ 61,232 at P 8.

<sup>8</sup> Order No. 764-B, 144 FERC ¶ 61,222.

California. Timely motions to intervene were filed by the NRG Companies;<sup>9</sup> the Cities of Anaheim, Azusa, Benning, Colton, Pasadena, and Riverside, California; Pacific Gas & Electric Company; E.ON Climate & Renewables North America, LLC; California Department of Water Resources State Water Project; Powerex Corp. (Powerex), and Imperial Irrigation District (Imperial Irrigation).<sup>10</sup> The Northern California Power Agency (NCPA) and Southern California Edison Company (SoCal Edison) filed motions to intervene out-of-time. On March 10, 2014, CAISO filed a motion requesting that the Commission issue an order by March 20, 2014 granting a May 1, 2014 effective date for the proposed tariff revisions. On March 14, 2014, PG&E filed an answer in support of CAISO's motion.

### **III. Discussion**

#### **A. Procedural Matters**

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceedings in which they were filed.

8. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2013), the Commission will grant NCPA's and SoCal Edison's late-filed motions to intervene given their interests in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

#### **B. Analysis**

9. We conditionally accept CAISO's compliance filing, as discussed below, to be effective May 1, 2014.

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<sup>9</sup> For purposes of this proceeding, the NRG Companies are: NRG Power Marketing LLC; GenOn Energy Management, LLC; Cabrillo Power I LLC; Cabrillo Power II LLC; El Segundo Power LLC; NRG Delta LLC; NRG Marsh Landing LLC; NRG California South LP; High Plains Ranch II, LLC; Long Beach Generation LLC; NRG Solar Alpine LLC; NRG Solar Borrego I LLC; NRG Solar Blythe LLC; NRG Solar Roadrunner LLC; and Avenal Solar Holdings LLC.

<sup>10</sup> We note that Powerex and Imperial Irrigation filed their respective motions to intervene and comments/protests in both this docket and the ER14-480-000 docket. Their comments apply only to CAISO's Filing in the ER14-480-000 docket, and are addressed in the order issued in that proceeding. *California Independent System Operator Corporation*, 146 FERC ¶ 61,204 (2014).

## 1. Intra-Hour Scheduling

10. In Order No. 764, the Commission amended the *pro forma* Open Access Transmission Tariff (OATT) to provide all transmission customers the option of using more frequent transmission scheduling within each operating hour, at 15-minute intervals.<sup>11</sup> CAISO states that its Section 205 Filing in Docket No. ER14-480-000 contains revisions to its market design to implement, among other things, an option for 15-minute transmission scheduling for intertie transactions. CAISO states that, for reasons more fully explained in its Section 205 Filing, the proposed market design enhancements are consistent with or superior to the Order No. 764 intra-hour scheduling requirements. Thus, CAISO requests leave to comply with the intra-hour scheduling requirements of Order No. 764 by implementing the market design enhancements proposed in the Section 205 Filing.<sup>12</sup>

11. In an order issued concurrently with this one, the Commission conditionally accepts CAISO's filing in Docket No. ER14-480-000.<sup>13</sup> Thus, this order will not further address CAISO's compliance with Order No. 764's intra-hour scheduling directive.

## 2. Data Reporting to Support Power Production Forecasting

12. In Order No. 764, the Commission amended the *pro forma* LGIA to require new interconnection customers, whose generating facilities are VERs, to provide meteorological and forced outage data to the public utility transmission provider with which the customer is interconnected.<sup>14</sup> Such data would only be required where it is necessary for that public utility transmission provider to develop and deploy power production forecasting. This reform was designed to facilitate public utility transmission providers' use of power production forecasts, which the Commission found can provide public utility transmission providers with advanced knowledge of system conditions needed to manage the variability of VER generation through the unit commitment and dispatch process, rather than through the deployment of more costly reserve service, such as regulation reserves. In requiring this change to the *pro forma* LGIA, the Commission specified that reporting requirements for meteorological and forced outage data would be set forth in Appendix C, Interconnection details of an LGIA, as they may change from

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<sup>11</sup> Order No. 764, FERC Stats. & Regs. ¶ 31,331 at P 91.

<sup>12</sup> CAISO November 27, 2013 Compliance Filing at 3-6 (Compliance Filing).

<sup>13</sup> *California Independent System Operator Corporation*, 146 FERC ¶ 61,204 (2014).

<sup>14</sup> Order No. 764, FERC Stats. & Regs. ¶ 31,331 at P 3.

time to time.<sup>15</sup> The Commission declined to modify existing LGIAs or to require changes to the *pro forma* OATT,<sup>16</sup> upon finding that such changes would, in effect, impose the data reporting requirements on existing interconnection customers, including small generator interconnection customers, retroactively.<sup>17</sup>

13. In Order No. 764, the Commission stated that the flexibility of providing meteorological and forced outage data requirements in business practices or market rules is not a superior alternative in implementing the reforms of the Final Rule.<sup>18</sup> Rather, the Commission addressed public utility transmission providers' need for flexibility by requiring the reporting requirement to be set forth in Appendix C of the LGIA. Appreciating that public utility transmission providers in some regions have already implemented meteorological or forced outage data requirements in their business practices and market rules, the Commission allowed public utility transmission providers to demonstrate on compliance how continued use of such practices is consistent with or superior to the requirements of Order No. 764.<sup>19</sup>

**a. Compliance Filing**

14. CAISO proposes two revisions to the *pro forma* LGIA set forth in Appendix EE to its tariff to comply with the meteorological and forced outage data reporting requirements of Order No. 764. First, CAISO proposes to add the new defined term "variable energy resource" to its LGIA. The definition proposed by CAISO is identical to the definition in Order No. 764, except that CAISO proposes to substitute the defined term "Energy" for the lowercase word "energy." Second, CAISO proposes to add a new Article 8.4 to its LGIA, which requires VERs to provide meteorological and forced outage data for the purpose of power production forecasting. CAISO asserts that the proposed language in Article 8.4 is identical to the provisions in Order No. 764, except that CAISO proposes to substitute the defined term "CAISO" for the more generic term "Transmission Provider."<sup>20</sup>

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<sup>15</sup> *Id.* P 193.

<sup>16</sup> *Id.* P 195.

<sup>17</sup> *Id.* P 196.

<sup>18</sup> *Id.* P 194.

<sup>19</sup> *Id.*

<sup>20</sup> Compliance Filing at 7.

15. In addition, CAISO states that its current tariff already contains meteorological and forced outage data requirements.<sup>21</sup> Specifically, CAISO notes that Appendix Q to its tariff requires all eligible intermittent resources, now more commonly referred to as VERs, to install and maintain equipment to collect, record, and transmit the meteorological data necessary for CAISO to develop and support a forecast model.<sup>22</sup>

16. According to CAISO, its existing meteorological and forced outage tariff provisions satisfy the “independent entity variation” standard<sup>23</sup> because the Commission has previously found the provisions to be just and reasonable ways to accommodate the scheduling needs of intermittent generation, which would also improve forecast accuracy, thereby enhancing market efficiency and increasing reliability.<sup>24</sup> Moreover, CAISO asserts that the requirements in proposed Article 8.4 of its LGIA will align with and supplement the requirements regarding meteorological and forced outage data that are set forth in the existing tariff. Thus, CAISO argues that, while the existing tariff will continue to apply, including the new language in the LGIA will not create a conflict as to which requirements apply to wind and solar resources. CAISO adds that it expects to incorporate by reference its tariff requirements into Appendix C of each LGIA, when applicable.<sup>25</sup>

**b. Commission Determination**

17. We conditionally accept CAISO’s compliance filing, subject to further modification, as discussed below. We find that CAISO’s proposal to add “variable energy resource” as a defined term in its LGIA is consistent with the requirements of

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<sup>21</sup> *Id.* at 8-9 (citing CAISO Tariff, § 9.3.10, app. Q).

<sup>22</sup> *Id.* at 9 (citing CAISO Tariff, app. Q, §§ 3.1, 6.1, 6.2).

<sup>23</sup> The “independent entity variation” standard affords regional transmission organizations and independent system operators greater flexibility to customize their LGIAs than would be afforded under the “consistent with or superior to” standard. *See Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at P 26 (2003).

<sup>24</sup> Compliance Filing at 8-9 (citing *Cal. Indep. Sys. Operator Corp.*, 98 FERC ¶ 61,327, at 62,378 (2002); *Cal. Indep. Sys. Operator Corp.*, 131 FERC ¶ 61,087, at PP 42-48, 53-57 (2010)).

<sup>25</sup> CAISO notes that in the event a provision in the LGIA is inconsistent with the tariff, the tariff will govern. *Id.* at 7-8, n.22.

Order No. 764. With the exception of a minor word substitution, CAISO's definition is identical to the definition adopted in Order No. 764.

18. We find that CAISO's proposal regarding meteorological data reporting requirements does not satisfy the independent entity variation standard, as permitted by Order No. 764. While CAISO does propose to add Article 8.4 to its LGIA, CAISO also proposes to retain its existing tariff provisions that relate to meteorological data reporting in existing Appendix Q of its tariff. These existing tariff provisions, rather than setting forth the specific components of data that are required, reference the business practice manuals, which contain the detailed requirements. The requirements contained in the business practice manuals currently appear to be consistent with the directives of Order No. 764. However, because the relevant requirements are in the business practice manuals, and not the tariff, we find that the potential exists for conflicts between possible future revisions to the business practice manuals and the requirements of Order No. 764. Thus, we direct CAISO to submit a compliance filing, within 30 days of the date of this order, that revises Appendix Q of its tariff to specify the types of meteorological data required and the frequency with which it must be provided. For the same reasons, we also direct CAISO to revise the relevant section(s) of its tariff to include any VER-specific forced outage reporting requirements that are currently contained only in the business practice manuals.

19. We also note that CAISO appears to have omitted a phrase from its proposed Article 8.4. The relevant *pro forma* language in Order No. 764 reads: "The Interconnection Customer whose Generating Facility is a Variable Energy Resource shall provide meteorological and forced outage data *to the Transmission Provider to the extent necessary for the Transmission Provider's* development and deployment of power production forecasts for that class of Variable Energy Resources."<sup>26</sup> CAISO's filing omits the phrase "to CAISO to the extent necessary for CAISO's." We direct CAISO to submit a compliance filing that corrects this error within 30 days of the date of this order.

### **C. Proposed Effective Date**

20. CAISO requests an effective date of May 1, 2014.<sup>27</sup> Because the requested effective date will be more than 120 days after the filing, CAISO requests waiver of the

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<sup>26</sup> Order No. 764, FERC Stats. & Regs. ¶ 31,331 at Appendix C, Article 8.4 (*emphasis added*).

<sup>27</sup> CAISO originally sought an April 1, 2014 effective date for its proposed tariff revisions, but in a March 10, 2014 motion, CAISO requests that the Commission accept the tariff revisions effective May 1, 2014 and issue an order by March 20, 2014 to allow sufficient time to complete testing, staging, and production of market optimization software for a May 1 implementation date. CAISO March 10, 2014 Motion at 1-3.

notice requirement contained in section 35.3 of the Commission's regulations.<sup>28</sup> CAISO contends that good cause exists for the Commission to grant the waiver in order to ensure that CAISO has sufficient time to make the necessary system changes so that it will be able to implement the revised market design by May 1, 2014.

21. We will grant CAISO's request for waiver and its motion to allow an effective date of May 1, 2014, because CAISO has shown that it needs this additional time to implement the necessary software modifications.

The Commission orders:

(A) CAISO's Compliance Filing is hereby conditionally accepted, effective May 1, 2014, subject to further modification, as discussed in the body of this order.

(B) CAISO is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>28</sup> 18 C.F.R. § 35.3 (2013).