

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

**California Independent System            )       Docket No. ER16-1983-002  
Operator Corporation                    )**

**PETITION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION FOR LIMITED TARIFF WAIVER  
TO POSTPONE EFFECTIVE DATE UNTIL NO LATER THAN MAY 31, 2017**

The California Independent System Operator Corporation (CAISO) respectfully requests a temporary suspension of the effectiveness, or limited waiver, until no later than May 31, 2017 of the tariff revisions accepted in the order issued in this proceeding on November 8, 2016.<sup>1</sup>

In the November 8 Order, the Commission accepted the CAISO's proposed revisions to its tariff to modify the local market power mitigation procedures used in the five-minute real-time dispatch process, to become effective January 30, 2017. The Commission subsequently granted a CAISO request to modify the effective date of the tariff revisions from January 30 to April 1, 2017.<sup>2</sup> The CAISO has recently determined that it cannot meet the April 1 effective date, because the software changes needed to implement the tariff revisions must be included with other software changes that will not be ready for implementation by April 1. The CAISO anticipates that the other software changes will be ready by no later than May 31, 2017.

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 157 FERC ¶ 61,091 (2016) (November 8 Order). The CAISO submits this petition for limited waiver pursuant to Rule 207 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.207.

<sup>2</sup> *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,072 (2017).

Good cause exists for the Commission to find that this petition satisfies its waiver criteria. The CAISO has acted in good faith because it only recently learned it could not implement the tariff revisions on April 1. The waiver is of limited scope in that it will apply for no more than two months. The waiver will also remedy the concrete problem that the CAISO cannot implement the tariff revisions on April 1 due to the need to change the software implementation schedule. Further, the waiver will not have undesirable consequences, because it will maintain the status quo of the local market power mitigation procedures in the existing tariff language.

For these reasons, the Commission should grant the petition and postpone the effectiveness of the tariff revisions until no later than May 31, 2017.

## **I. Background**

On June 21, 2016, the CAISO filed proposed tariff revisions to enhance the local market power mitigation procedures used in the five-minute real-time dispatch process. The CAISO requested an effective date for the tariff revisions of January 30, 2017. In the November 8 Order, the Commission accepted the tariff revisions effective as of January 30.<sup>3</sup>

On January 13, 2017, the CAISO filed a petition for limited tariff waiver to modify the effective date of the tariff revisions from January 30 to April 1, 2017. On January 27, 2017, the Commission issued an order granting modification of the effective date to April 1.<sup>4</sup>

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<sup>3</sup> November 8 Order at P 19.

<sup>4</sup> *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,072, at P 5.

## **II. Need for Tariff Waiver to Postpone Effective Date until No Later than May 31, 2017**

The CAISO recently determined that it cannot implement the tariff revisions regarding the RTD LMPM on April 1, 2017. The development and functional testing for the software needed to implement the tariff revisions has been progressing according to schedule. That software, however, is built on top of a newly developed Pricing Correction Application (PCA).<sup>5</sup> The PCA software, which is a vendor-supported application, is part of an internal CAISO process focused on reducing the complexity and manual effort involved in the price correction process. The PCA will automate and consolidate needed price corrections tasks in one application that is separate from the normal processing of market results.

The PCA application, unfortunately, has experienced schedule delays that have in turn has affected activation of RTD LMPM. Specifically, CAISO systems rely on bid data to calculate properly expected energy. The bid data must be present for every market interval of the day and are normally provided by the CAISO market systems. In the event of a failure of the CAISO markets, the PCA application provides the bid data used to fill in those gaps. Prior to RTD LMPM, this functionality was provided by the system that calculated the expected energy along with time-consuming manual actions. The RTD LMPM has made the bid data more complex and as a result the task of creating that bid data needed to be moved to the PCA. Based on its current assessment, the CAISO estimates that

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<sup>5</sup> The software changes used to automate the price correction processes are not associated with any tariff revisions.

the other software changes will be ready by April 18, 2017, and in any event by May 31, 2017.

For these reasons, the CAISO requests limited waiver of the effective date of the tariff revisions regarding the local market power mitigation enhancements until no later than May 31.<sup>6</sup>

### **III. Petition for Limited Tariff Waiver**

Good cause exists for the Commission to grant a limited waiver to suspend the effectiveness of the tariff revisions until no later than May 31, 2017. The Commission has previously granted requests for tariff waivers where (1) the applicant acted in good faith; (2) the waiver was of limited scope; (3) the waiver addressed a concrete problem; and (4) the waiver did not have undesirable consequences, such as harming third parties.<sup>7</sup> This waiver petition meets all four conditions.

The CAISO has acted in good faith because it only recently learned it could not implement the tariff revisions on April 1, 2017. The waiver is of limited scope in that it will apply for only two months, from April 1 until no later than May 31, 2017. The waiver will also remedy the concrete problem that the CAISO cannot implement the tariff revisions on April 1, due to the need to include the software changes required to implement the tariff revisions with other software changes that will not be ready for implementation by April 1. The Commission

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<sup>6</sup> Earlier on the day that the CAISO filed this petition, it also issued a market notice announcing that it would make the filing and postpone the effective date of the tariff revisions until no later than May 31 for the same reasons explained in the petition.

<sup>7</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,072, at P 5 (2017); *N.Y. Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,061, at P 19 (2014); *PJM Interconnection, L.L.C.*, 146 FERC ¶ 61,041, at P 5 (2014); *ISO New England, Inc.*, 134 FERC ¶ 61,182, at P 8 (2011).

has previously recognized that it is reasonable to postpone the effectiveness of tariff revisions where, as is the case in this proceeding, it is infeasible to implement the tariff revisions on their intended effective date because the CAISO cannot deploy the necessary software until a later date.<sup>8</sup> Further, the waiver will not have undesirable consequences because the CAISO can continue to operate using the effective local market power mitigation procedures in its tariff.

Good cause exists to grant the CAISO's request for limited waiver of the current effective date of April 1 for the tariff revisions.<sup>9</sup>

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<sup>8</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,072, at P 5; *Cal. Indep. Sys. Operator Corp.*, 141 FERC ¶ 61,184, at P 10 (2012).

<sup>9</sup> Pursuant to this filing, the CAISO plans to refrain from implementing the tariff revisions on April 1. The Commission has previously granted requests for limited tariff waiver applicable to dates prior to the date of the Commission's order. See, e.g., *Cal. Indep. Sys. Operator Corp.*, 156 FERC ¶ 61,093, at P 4 (2016); *N.Y. Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,061, at P 1; *Waterbury Generation LLC*, 120 FERC ¶ 61,007, at PP 1, 3 (2007).

#### IV. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to grant a limited waiver to suspend the effectiveness of the tariff revisions regarding the local market power mitigation procedures accepted in the November 8 Order, until no later than May 31, 2017.

Respectfully submitted,

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Dated: March 24, 2017

## CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon all parties listed in the official service list for the above-referenced proceeding, under the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA this 24<sup>th</sup> day of March, 2017.

/s/ Grace Clark  
Grace Clark