

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

**California Independent System            )       Docket No. ER17-853-001  
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 March 7, 2017.<sup>1</sup>

In the March 7 Order, the Commission accepted the CAISO's proposed revisions to its tariff to modify its rules regarding what transactions constitute implicit virtual awards at the interties for purposes of settling congestion revenue rights (CRRs), to become effective April 1, 2017. 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.

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

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<sup>1</sup> Commission Letter Order, Docket No. ER17-853-000 (Mar. 7, 2017) (March 7 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.

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 rules regarding the settlement of CRRs 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 January 25, 2017, the CAISO filed proposed tariff revisions to modify its rules regarding what transactions constitute implicit virtual awards at the interties for purposes of settling (CRRs). The CAISO requested an effective date for the tariff revisions of April 1, 2017. In the March 7 Order, the Commission accepted the tariff revisions effective as of April 1.

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

The CAISO recently determined that it could not implement the tariff revisions regarding the Clawback Enhancement 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>2</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 the Clawback Enhancement. Specifically, the current Clawback application relies on market results, such as, constraints shadow costs. The shadow costs 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 shadow costs and Locational Marginal Prices used to fill in those gaps. This functionality was provided by a post-process system with many tedious and time-consuming manual processes. PCA provides the automation and improves data quality to fill in any gaps in the constraint data. Based on its current assessment, the CAISO estimates that 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 settlement of CRRs until no later than May 31.<sup>3</sup>

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<sup>2</sup> The software changes used to automate the price correction processes are not associated with any tariff revisions.

<sup>3</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.

### 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>4</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 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>5</sup> Further, the waiver will

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<sup>4</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).

<sup>5</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,072, at P 5 (2017); *Cal. Indep. Sys. Operator Corp.*, 141 FERC ¶ 61,184, at P 10 (2012).

not have undesirable consequences because the CAISO can continue to operate using the effective rules regarding the settlement of CRRs 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>6</sup>

#### **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 rules for settlement of CRRs accepted in the March 7 Order, until no later than May 31, 2017.

Respectfully submitted,

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Counsel for the California Independent System Operator Corporation

Dated: March 24, 2017

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<sup>6</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).

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed in the official service list for the above-referenced proceeding, 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, CA this 24<sup>th</sup> day of March, 2017.

/s/ Grace Clark  
Grace Clark