

151 FERC ¶ 61,099
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 7, 2015

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER15-404-000

California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attention: David S. Zlotlow

Dear Mr. Zlotlow:

1. On November 13, 2014, the California Independent System Operator Corporation (CAISO) submitted, pursuant to Rule 207 of the Commission's Rules of Practice and Procedure,¹ a petition seeking Commission approval to distribute the penalty proceeds collected for violations of CAISO's Rules of Conduct. As discussed below, we grant CAISO's petition.

2. CAISO explains that the Rules of Conduct set forth in section 37 of CAISO's open access transmission tariff (tariff) require CAISO to collect penalties assessed pursuant to section 37.9 of its tariff and to deposit such amounts into an interest bearing trust account. CAISO states that, at the end of each calendar year, it allocates these proceeds, with accrued interest, to the scheduling coordinators of eligible market participants in accordance with the formula in section 37.9.4 of its tariff. CAISO states that the formula is based on the product of the amount in the trust account, including interest, and the ratio of the grid management charge that each scheduling coordinator incurred during the

¹ 18 C.F.R. § 385.207 (2014).

applicable calendar year. Further, CAISO explains that it must obtain the Commission's approval to distribute the penalty proceeds prior to any disbursement.²

3. In the instant filing, CAISO seeks approval to distribute the proceeds from penalties assessed during the 2013 calendar year, plus accrued interest. In Attachment 1, CAISO sets forth the calculation of each participant's share of the penalty proceeds.³ CAISO states that once it receives Commission approval to distribute the penalty proceeds, the final interest amount will be recalculated to correspond to the actual day on which the distribution will occur.

4. Notice of CAISO's filing was published in the *Federal Register*, 79 Fed. Reg. 70,513 (2014), with interventions and protests due on or before December 4, 2014. Pacific Gas and Electric Company and Southern California Edison Company submitted timely motions to intervene. No comments or protests were filed. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely, unopposed motions to intervene serves to make the entities that filed them parties to this proceeding.

5. We find that CAISO's proposal to distribute penalty proceeds to market participants, as stated in Attachment 1 to its filing, is just and reasonable. The methodology in CAISO's proposal is consistent with the relevant provisions in its tariff for allocating and distributing penalty proceeds to scheduling coordinators. Therefore, in accordance with section 37.9 of CAISO's tariff and consistent with prior orders,⁴ we grant CAISO's petition to distribute penalty proceeds in accordance with Attachment 1, subject to CAISO's final interest calculation.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

² *Id.* at 2; CAISO, eTariff, § 37.9.4 (Disposition of Proceeds) (1.0.0).

³ CAISO states that it assessed \$102,000 in penalties for 2013. *Id.*

⁴ *See Cal. Indep. Sys. Operator Corp.*, 145 FERC ¶ 61,222 (2013); *see also Cal. Indep. Sys. Operator Corp.*, 145 FERC ¶ 61,223 (2013).