The California Independent System Operator Corporation (CAISO) submits its answer to the complaint filed in this proceeding by Direct Energy Business, LLC (Direct Energy) on November 3, 2023. The complaint appeals a tariff-required sanction of $825,000 related to late revisions of meter data values. The CAISO supports Direct Energy’s request for dismissing the $825,000 sanction because assessing this sanction is inequitable based on the facts in Direct Energy’s complaint.

I. Answer

Section 37 of the CAISO tariff, referred to as the CAISO’s rules of conduct, establishes a variety of rules for market participant behavior and defines consequences when market participants do not adhere to those rules. One rule relates to correcting self-reported meter data values after the correction deadline, which is fifty-two business days after the applicable trading day. The CAISO...

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2 See CAISO tariff section 37.1.2.

3 CAISO tariff section 37.5.2.1.
assesses a sanction of $1,000 for each trading day with late corrections. The CAISO does not have discretion as to whether or not to assess this sanction.

Direct Energy asserts that the $825,000 sanction is excessive. The CAISO agrees. The CAISO already has acknowledged the current tariff can result in excessive penalties. Direct Energy’s sanction is at the extreme end of sanctions assessed for relatively minor and inadvertent, but long-lasting metering errors. Direct Energy’s filing also explains its late meter data corrections were caused by data transfer issues with the meter data management agent that provided the data under California Public Utilities Commission rules. This factor weighs in favor of granting Direct Energy’s requested relief.

The CAISO opened the Rules of Conduct Enhancements stakeholder initiative in May 2023 to address a variety of rules of conduct issues, including the potential for excessive penalties for long-duration but relatively low-impact errors. The CAISO expects to submit tariff revisions to the Commission in connection with this initiative next month. Until those rule changes are evaluated by the Commission, the CAISO supports relief for parties such as Direct Energy that have established they are exposed to inequitable penalties under the existing tariff rules.

4 CAISO tariff sections 37.11.1 & 37.11.2.


6 Phase 1 of the initiative received joint approval from the CAISO Board of Governors and the Western Energy Imbalance Market Governing Body on September 20, 2023. Information about the stakeholder initiative is available at: https://stakeholdercenter.caiso.com/StakeholderInitiatives/Rules-of-conduct-enhancements.
II. Communications

Under Rule 203(b)(3) of the Commission’s Rules of Practice and Procedure, the CAISO respectfully requests that service of all pleadings, documents, and all communications regarding this proceeding be addressed to:

David S. Zlotlow  
Lead Counsel  
California Independent System Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (916) 351-4400  
Fax: (916) 608-7222  
Email: dzlotlow@caiso.com

III. Conclusion

The CAISO supports Direct Energy’s request to excuse the $825,000 meter data sanction at issue in this proceeding because Direct Energy has demonstrated the penalty as applied in their circumstances is excessive.

/s/ David S. Zlotlow  
Roger E. Collanton  
General Counsel  
Anthony Ivancovich  
Deputy General Counsel  
Andrew Ulmer  
Assistant General Counsel  
David S. Zlotlow  
Lead Counsel  
California Independent System Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Counsel for the California Independent System Operator

Dated: November 20, 2023
CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, 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, California this 20th day of November, 2023.

/s/ Ariana Rebancos
Ariana Rebancos
An employee of the California ISO