

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:  
California Independent System Operator  
Corporation  
Docket No. ER18-2398-000

Issued: November 9, 2018

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

Reference: Deficiency Letter

Dear Mr. Ulmer:

On September 7, 2018, the California Independent System Operator Corporation (CAISO) submitted proposed revisions to its Open Access Transmission Tariff (Tariff) to comply with Order No. 844.<sup>1</sup> As described in further detail below, please be advised that your submittal is deficient and that additional information is required to process the filing. Please provide the information requested below:

1. In Order No. 844, the Commission defined an operator-initiated commitment as “a commitment made after the day-ahead market for a reason other than minimizing the total production costs of serving load.”<sup>2</sup> In its transmittal letter, CAISO does not state whether it will be reporting commitments arising from the Residual Unit Commitment (RUC) process<sup>3</sup> in the Operator-Initiated

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<sup>1</sup> *Uplift Cost Allocation and Transparency in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 163 FERC ¶ 61,041 (2018) (Order No. 844).

<sup>2</sup> Order No. 844, 163 FERC ¶ 61,041 at P 33.

<sup>3</sup> The RUC process is a reliability function for committing resources and procuring RUC capacity not reflected in the Day-Ahead Schedule following the Integrated Forward Market, in order to meet the difference between the CAISO’s demand forecast and the

Commitment Report. Please explain whether CAISO will include commitments arising from the RUC process in the Operator-Initiated Commitment Report, and if not, why.

2. CAISO proposes to report five categories of uplift that correspond to certain charge codes in its proposed Zonal Uplift Report.<sup>4</sup> One of these categories is RTM Bid Cost Uplift, which CAISO states “corresponds to CAISO charge code 6620 - RUC and RTM Bid Cost Recovery Settlement.”<sup>5</sup>
  - a. The Configuration Guide for Charge Code 6620 - RUC and RTM Bid Cost Recovery Settlement states that this charge code applies over the CAISO Control Area.<sup>6</sup> The Configuration Guide for Charge Code 66200 - EIM - RUC and RTM Bid Cost Recovery Settlement states that this charge code applies over an Energy Imbalance Market (EIM) area.<sup>7</sup> CAISO’s transmittal letter does not specify whether uplift payments under Charge Code 6620 will include uplift payments in the EIM areas under charge code 66200 - EIM - RUC and RTM Bid Cost Recovery Settlement.
    - i. Please clarify whether CAISO’s reporting of uplift payments under Charge Code 6620 will encompass uplift payments in the EIM areas under Charge Code 66200.
      1. If CAISO does not intend to report uplift payments paid to EIM participating resources under Charge Code 6620 or Charge Code 66200, please explain why.

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demand reflected in the Day-Ahead Schedules for each trading hour of the trading day. CAISO Business Practice Manual for Market Instruments, Section 2.1.3 “Residual Unit Commitment.”

<sup>4</sup> CAISO also proposes to report uplift payments to resources for these same categories of payments, based on the same charge codes, in its proposed Resource-Specific Uplift Report. CAISO Transmittal Letter at 8.

<sup>5</sup> *Id.* at 5-6.

<sup>6</sup> Configuration Guide: RUC and RTM Bid Cost Recovery Settlement: CC 6620.

<sup>7</sup> Configuration Guide: RTM Bid Cost Recovery EIM Settlement: CC 66200.

2. To the extent that Charge Code 6620 reflects uplift payments to resources in the EIM areas, please confirm that these payments will be reported by EIM balancing authority area in the Zonal Uplift Report.
3. In Order No. 844, the Commission required all RTO/ISOs to include all uplift payments made to generators in the Zonal and Resource-Specific Uplift reports.<sup>8</sup> The Commission explained that “uplift payments reflect the portion of the cost of reliably serving load that is not included in market prices.”<sup>9</sup> The Commission also clarified that “RTOs/ISOs must report all uplift payments to resources and not just those resulting from deviations from day-ahead schedules in both the Zonal Uplift Report and the Resource-Specific Uplift Report.”<sup>10</sup> The Commission directed RTOs/ISOs to, among other things, publish a report disclosing total daily uplift payments in dollars in each category of uplift paid to resources in each transmission zone. Please indicate whether each of the following charge codes is used to provide uplift payments to resources. To the extent any of the listed charge codes is used to provide uplift payments to resources, please explain why CAISO does not propose to report payments under these charge codes in its Zonal Uplift Report or Resource-Specific Report.
  - a. Charge Code 691 - Emissions Cost Payment
  - b. Charge Code 692 - Start Up Cost Payment
  - c. Charge Code 6800 - Day Ahead Residual Unit Commitment (RUC) Availability Settlement
4. In CAISO’s Report filed in response to the Commission’s Order Directing Reports in Docket No. AD14-14-000,<sup>11</sup> CAISO lists the categories of uplift in its markets, which include costs related to ancillary services and the flexible

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<sup>8</sup> Order No. 844, 163 FERC ¶ 61,041 at PP 50, 75.

<sup>9</sup> *Id.* P 7.

<sup>10</sup> *Id.* P 62.

<sup>11</sup> Report of the California Independent System Operator Corporation, Docket No. AD14-14-000, at 40 (filed Mar. 4, 2016) (CAISO March 4, 2016 Report) (in response to *Price Formation in Energy and Ancillary Servs. Mkts. Operated by Reg’l Transmission Orgs. & Indep. Sys. Operators*, Order Directing Reports, 153 FERC ¶ 61,221 (2015)).

ramping constraint. Please explain whether any uplift payments are paid to resources related to the flexible ramping product or ancillary services that are not reflected in the charge codes that CAISO plans to report in its Zonal Uplift Report and Resource-Specific Uplift Report.

This letter is issued pursuant to 18 C.F.R. § 375.307 (2018) and is interlocutory. This letter is not subject to rehearing under 18 C.F.R. § 385.713 (2018). A response to this letter must be filed with the Secretary of the Commission within 30 days of the date of this letter by making a deficiency filing in accordance with the Commission's electronic tariff requirements. For your response, please use Type of Filing Code 80, Compliance Filing.<sup>12</sup> In addition, submit an electronic version of your response to Virginia Okon at [Virginia.Okon@ferc.gov](mailto:Virginia.Okon@ferc.gov). A notice will be issued upon receipt of your filing.

Failure to respond to this letter order within the time period specified may result in a further order rejecting your filing.

Issued by: Steve P. Rodgers, Director - Division of Electric Power Regulation – West

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<sup>12</sup> *Electronic Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (an amendment filing must include at least one tariff record even though a tariff revision might not otherwise be needed).