

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

Integration of Variable Energy Resources

Docket No. RM10-11-___

**MOTION FOR EXTENSION OF TIME OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“ISO”) hereby requests that the Federal Energy Regulatory Commission (the “Commission”) extend the deadline for the ISO to submit a filing or filings to comply with Order No. 764 from November 12, 2013 until November 27, 2013.¹ This modest 15-day extension will provide the ISO with sufficient time to obtain additional stakeholder input on the proposed revisions to the ISO tariff to comply with Order No. 764, and to finalize supporting materials.

The ISO further requests that the Commission establish a deadline of October 18, 2013 for answers to this Motion for Extension of Time and act on this motion no later than October 25, 2013, so that the ISO and stakeholders can realize the benefits of the requested extension in completing the stakeholder process.

I. BACKGROUND

The Commission’s Order No. 764 directed transmission providers to adopt reforms that would remove barriers to the integration of variable energy resources.²

¹ The ISO submits this request pursuant to Rules 212 and 2008 of the Commission’s Rule of Practice and Procedure. See 18 C.F.R. §§ 385.212, 385.2008 (2013).

² *Integration of Variable Energy Resources*, Order No. 764, FERC Stats. & Regs. ¶ 31,331 (“Order No. 764”), *order on reh’g and clarification*, Order No. 764-A, 141 ¶ 61,232 (“Order No. 764-A”) (2012), *order on clarification and reh’g*, Order No. 764-B, 144 FERC ¶ 61,222 (2013).

Specifically, the Commission required each public utility transmission provider – including the ISO – to make two categories of revisions in compliance with the Order:

- (1) Revise its open access transmission tariff to include prescribed provisions that give customers the option of using intra-hour transmission scheduling at 15-minute intervals;³ and
- (2) Revise its *pro forma* large generator interconnection agreement to include provisions that define variable energy resources and require interconnection customers whose generating facilities are variable energy resources to provide meteorological and forced outage data for the purpose of power production forecasting.⁴

The Commission afforded each transmission provider an opportunity to demonstrate on compliance that alternative intra-hour scheduling proposals are consistent with or superior to the Order No. 764 requirements.⁵ Filings to comply with Order No. 764 are due by November 12, 2013.⁶

II. MOTION FOR EXTENSION OF TIME

The ISO respectfully requests a modest 15-day extension of time – to November 27, 2013 – to submit its filing or filings to comply with Order No. 764.

Shortly after Order No. 764 was issued last year, the ISO concluded that the need to develop market design changes to comply with the intra-hour scheduling requirements of Order No. 764 provided an opportunity for a comprehensive set of enhancements to the ISO markets. Accordingly, the ISO has been working with stakeholders over the past

³ *Id.* at PP 97, 113, 373-74, Appendix B. The requirement to implement 15-minute transmission scheduling only applies to inertie transactions in organized wholesale energy markets like the ISO markets. *Id.* at P 113.

⁴ *Id.* at PP 171, 210, 373, 375, Appendix C.

⁵ *Id.* at PP 98 n.128, 106-07, 374; Order No. 764-A at P 39.

⁶ Order No. 764-A at P 8.

year to develop the new market rule changes and is preparing to file tariff amendments in support of those changes. The new market rules will allow the ISO to more effectively and efficiently integrate a large amount of variable energy resources into the resource fleet serving ISO customers, address ongoing concerns with intertie pricing under the existing ISO market structure, and comply with the Commission's requirements under Order No. 764.

The ISO conducted an extensive stakeholder process to address Order No. 764 compliance and these related issues beginning in October 2012.⁷ In May of this year, the ISO Governing Board ("Board") approved a package of market design enhancements developed through this stakeholder process, including implementation of financially binding 15-minute scheduling and settlement for both internal and intertie resources. The new real-time market structure will allow all resources to compete and be priced on an equal basis with one another in the real-time market using existing market functionality. The new market design includes important features such as options that will support fixed hourly intertie transactions and minimize seams issues in the Western Interconnection, and updates to the ISO's current participating intermittent resource program. In addition, the new market design provides solutions and improvements that will address identified market inefficiencies with the ISO's current real-time market design and that, among other things, will allow for reinstatement of convergence bidding on the interties between the ISO and neighboring balancing authority areas.⁸ In September, the ISO Board approved a related element of the market design proposal, which will establish a

⁷ See Stakeholder Initiative Webpage: <http://www.caiso.com/informed/Pages/StakeholderProcesses/FERCOrderNo764MarketChanges.aspx>

⁸ See, e.g., *California Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,087 (2013).

transitional protective measure for participating intermittent resources that have a limited ability to curtail output in response to ISO dispatch instructions. The ISO is now in the midst of vetting with its stakeholders tariff language in support of this significant effort and expects to complete this effort by the third week of November.

The tariff revisions to implement these market design enhancements will be presented to the Commission in a filing under Section 205 of the Federal Power Act. The ISO believes that these enhancements will provide numerous benefits beyond compliance with the minimum requirements of Order No. 764. Consistent with the directives of Order No. 764, the ISO intends to submit a compliance filing explaining how these market design enhancements are consistent with or superior to the intra-hour scheduling requirements of Order No. 764. The ISO also intends to submit revisions to its *pro forma* large generator interconnection agreement to comply with the meteorological and forced outage data requirements of Order No. 764.

Good cause exists to grant the ISO an extension of time up to and including November 27, 2013. Initial drafts of the tariff revisions to implement these market design enhancements were posted on the ISO website on October 4, 2013. An initial draft of the revisions to the ISO's *pro forma* large generator interconnection agreement was posted on October 7. A web conference to review the draft tariff revisions will be held on October 21-22, 2013. The tariff stakeholder process is an important exercise prior to the ISO's submission of any tariff amendment. It is during such stakeholder processes that the ISO and stakeholders can review and engage in a robust dialogue regarding the tariff language that will govern over both parties once accepted by the Commission. In many instances, the ISO has been able to include tariff language that

addresses concerns raised by stakeholders regarding what would otherwise later prove to be ambiguous terms and conditions. This process has also proven to be a fruitful environment in which to work out implementation details and the ISO has many times taken the opportunity to include tariff provisions that are consistent with the Board-approved policy but provide stakeholders assurances needed to support the proposal at the Commission. In the absence of a robust tariff stakeholder process, it is likely that these types of issues will play themselves out at the Commission. This effort will reduce protests and comments born out of misunderstandings and ambiguous terms in the Commission proceeding.

The ISO believes that an extension of the deadline for the ISO to submit Order No. 764 compliance filings will provide the benefit of additional stakeholder review of and input on the tariff revisions to comply with Order No. 764. This extension will also provide sufficient time to finalize expert declarations and other materials that will support the ISO's proposals to comply with Order No. 764.

The ISO requests that the Commission establish a deadline of October 18, 2013 for answers to this Motion for Extension of Time and that the Commission act on this motion no later than October 25, 2013 so that the ISO and stakeholders can realize the benefits of the requested extension in completing the stakeholder process.

III. CONCLUSION

For the foregoing reasons, the ISO respectfully requests that the Commission issue an order by October 25, 2013, granting the requested 15-day extension of the deadline for the ISO to submit a filing to comply with Order No. 764 until no later than November 27, 2013.

Respectfully submitted,

Nancy Saracino
General Counsel
Anna McKenna
Assistant General Counsel
David Zlotlow
Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Sean Atkins
Bradley R. Miliauskas
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004

Dated: October 9, 2013