

153 FERC ¶ 61,003
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

October 1, 2015

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER14-2756-001

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

Attn: Sidney L. Mannheim, Esq.

Dear Ms. Mannheim:

1. On July 31, 2015, you submitted a filing on behalf of the California Independent System Operator Corporation (CAISO) styled as a motion for clarification of the Commission's October 31, 2014 order accepting a tariff amendment proposed by CAISO concerning the settlement of congestion revenue rights (CRR) charges.¹ As discussed below, the Commission denies CAISO's motion.
2. On September 1, 2014, pursuant to section 205 of the Federal Power Act (FPA),² CAISO filed proposed tariff revisions in this proceeding to include nodal megawatt limit constraints in its CRR settlement rule, or calculation of market participants' CRR settlements.³ CAISO explained that a recent rise in the volume of CRRs clearing the monthly CRR auction could lead to more scheduling coordinators for CRR holders engaging in behavior that requires CAISO to enforce nodal megawatt limit constraints in

¹ *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,093 (2014) (October 2014 Order).

² 16 U.S.C. § 824d (2012).

³ The CRR settlement rule automatically adjusts the revenue from CRRs for any CRR holder whose scheduling coordinator engages in virtual bidding in the day-ahead market or reduces in the real-time market an import or export awarded in a day-ahead schedule. *See Cal. Indep. Sys. Operator Corp.*, 133 FERC ¶ 61,039, *order on reh'g and compliance filing*, 134 FERC ¶ 61,070 (2011).

the day-ahead market.⁴ Accordingly, CAISO proposed to revise section 11.2.6(a) of its tariff to expressly state that the CRR settlement rule's revenue adjustment calculations include nodal megawatt limit constraints that CAISO applies to eligible nodes.

According to CAISO, its tariff already authorized it to consider nodal megawatt limit constraints in determining whether to adjust a market participants' CRR revenue, and the proposed revisions simply clarified that point, though CAISO had not previously included nodal megawatt limit constraints in its CRR settlement rule calculations.⁵

3. CAISO also explained that it was looking to determine whether there would be any additional "claw backs" due to CRR resettlements covering a period from 2011 to September 1, 2014 to include nodal megawatt limit constraints, and CAISO stated it would notify the Commission if it determined such corrections were necessary.⁶ In the October 2014 Order, the Commission accepted CAISO's proposed tariff revisions effective September 2, 2014, as requested.⁷

4. In its July 31, 2015 motion, CAISO seeks confirmation of its tariff authority to resettle CRR charges and payments to correct certain administrative errors from the period of May 1, 2014 to September 1, 2014.⁸ CAISO argues that it already has "general authority" under its filed tariff to make price corrections for administrative errors.⁹ However, CAISO states it concluded that it would be prudent to seek the Commission's confirmation of such authority in light of the commitment it made in this proceeding to notify the Commission if further action was needed.¹⁰ CAISO requests an order by October 1, 2015 confirming that its tariff authorizes such resettlements so that the corrections can be included in the next round of settlement statements that will be issued on November 1, 2015.¹¹ CAISO states that, absent a Commission order by October 1, 2015, the resettlements concerning nodal megawatt limit constraints would be delayed by almost two years, in accordance with the settlement provisions of its tariff.

⁴ CAISO, Transmittal Letter, Docket No. ER14-2756-000, at 6-7 (filed Sept. 1, 2014).

⁵ *Id.* at 5.

⁶ *Id.* at 2.

⁷ October 2014 Order, 149 FERC ¶ 61,093 at P 12.

⁸ CAISO July 31, 2015 Motion For Clarification at 1.

⁹ *Id.* at 5-6.

¹⁰ *Id.* at 7.

¹¹ *Id.*

5. We deny CAISO's motion without prejudice. In the October 2014 Order, the Commission accepted CAISO's proposed tariff revisions, effective September 2, 2014, to permit CAISO to expressly include nodal megawatt limit constraints in its prospective application of the CRR settlement rule.¹² In summarizing CAISO's filing, the October 2014 Order noted CAISO's interpretation of its tariff and its commitment to notify the Commission if action was required to resettle earlier applications of the CRR settlement rule. However, CAISO did not request, and the Commission did not make, any finding regarding CAISO's authority to conduct such resettlements.¹³ The Commission's determination in the October 2014 Order was limited to the justness and reasonableness of CAISO's proposed tariff revisions, which would be effective on a prospective basis. In its July 31, 2014 motion, CAISO does not seek clarification of the Commission's determination with respect to the tariff revisions at issue in this proceeding, and instead asks the Commission to make a new determination on the authority it purportedly enjoyed under its already existing tariff.

6. We find that CAISO's July 31, 2015 motion, asking the Commission to interpret tariff language that CAISO did not newly propose or seek to modify in this now closed case, essentially constitutes a petition for a declaratory order regarding an issue that is beyond the scope of this section 205 proceeding.¹⁴ Further, rendering such a determination under these circumstances would not provide adequate notice to market participants who may be affected by CAISO's application of nodal megawatt limit constraints in CRR resettlements.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

¹² October 2014 Order, 149 FERC ¶ 61,093 at P 12.

¹³ *See id.*

¹⁴ We note that CAISO's motion here is similar to a petition for declaratory order it filed in Docket No. EL12-73-000, concerning the applicability of its bid cost recovery resettlement rules (BCR Petition). In the BCR Petition, which was filed in June 2012, CAISO sought a declaration from the Commission that it could engage in the resettlement of bid cost recovery payments from April 1, 2009 through March 25, 2011, which was one day prior to the effective date of revised bid cost recovery tariff rules. *See Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,211, at PP 2-6 (2013).