



***Business Practice Manual Change Management Reply Brief - Pacific Gas & Electric***

Submitted by	Organization	Date Submitted
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PG&E appreciates the CAISO’s consideration of our Proposed Revision Request (PRR) 1122 appeal.<sup>1</sup> PG&E has provided constructive feedback to the CAISO during the comment process. While we recognize and appreciate the improvements to PRR 1122, PG&E continues to believe that it should not be adopted. There is a high degree of uncertainty in the CAISO’s outage management process; outages that have been planned months or years in advance, and were initially approved by the CAISO, can be cancelled with little notice. PRR 1122 adds to that uncertainty by effectively precluding Participating Transmission Owners (PTO) and Scheduling Coordinators (SC) from resubmitting as forced outages long-planned maintenance outages that were initially approved by the CAISO. In addition, California’s Resource Adequacy (RA) construct has become increasingly complex from a compliance standpoint and supplies of RA-eligible resources are becoming increasingly tight. PRR 1122 will likely result in additional uncertainty and could lead to artificial scarcity in the CPUC’s RA processes. Load serving entities will likely feel the necessity to hold replacement capacity for any planned outages in case the CAISO cancels the outage request and the outage cannot be changed to a forced outage. From an asset management standpoint, the uncertainty created by this PRR could lead to generators deferring needed maintenance if replacement capacity is not available. PG&E does not oppose the CAISO undertaking a stakeholder process to develop procedures and Tariff language defining the appropriate circumstances when a PTO/SC can resubmit an initially approved planned outage as a forced outage. However, that process will need to be more robust than the process resulting in the development of PRR 1122.

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<sup>1</sup> PRR 1122 available at: <https://bpmcm.caiso.com/Pages/ViewPRR.aspx?PRRID=1122&IsDlg=0>

**A. The CAISO’s authority and grid reliability are not undermined**

The CAISO argues that a change in outage status from planned-to-forced “undermine[s] both reliability and the ISO’s basic authority as the grid operator.”<sup>2</sup> However, the CAISO has the authority to “instruct a generator on-line.”<sup>3</sup> Thus, if a generator is needed for grid reliability, the CAISO has authority to order it to end an outage and start generating. Further, the Tariff currently permits a planned-to-forced change in certain circumstances.<sup>4</sup> While the “planned-to-forced” procedure is not appropriate in all circumstances, it does not inherently undermine the CAISO’s authority or necessarily risk impairing grid reliability. If it did, the Tariff would not expressly allow for changing a planned outage to a forced outage.

**B. PRR 1122 is a Policy Change**

As a preliminary matter, it is unclear if PRR 1122 is needed at all. The CAISO notes that it noticed an uptick in the planned-to-forced outage Reporting in mid-2017.<sup>5</sup> However, there is no quantification or detail provided. Without some detail as to the extent and scope of the problem, it is difficult to determine if the remedy is an appropriate response to this issue.

Even if it is needed, PRR 1122 represents a policy change that requires a more comprehensive stakeholder process. PRR 1122 is categorized by the CAISO as a Category A modification, for “clarifications of existing BPM language, grammatical errors and or revisions with minor significance.” However, PRR 1122 adds a completely new section and policy to the Outage Management BPM and therefore cannot be considered a “clarification of existing BPM language.” Instead, PRR 1122 is a Category C, implementing “significant new CAISO policies

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<sup>2</sup> CAISO Answering Brief at p. 4.

<sup>3</sup> CAISO Tariff § 7.7.2(c) (emphasis added)

<sup>4</sup> CAISO Tariff § 9.3.6.4.1(d)

<sup>5</sup> CASIO Answering Brief at p.3.

and/or requiring revisions to the CAISO Tariff.” The Tariff clearly allows for planned outages to be re-categorized as forced outages in certain circumstances.<sup>6</sup> The CAISO acknowledges this aspect of its Tariff, but then seeks to minimize it by asserting that it “represents an exception to the general rule.”<sup>7</sup> However, the CAISO fails to ever identify a Tariff provision that clearly states a “general rule.” The Tariff language relied on by the CAISO is Section 9.3.10.6, which allows the CAISO to review forced outages and consider certain factors in this review. This provision is not a general rule. Instead, it is one factor among nine other factors that the CAISO can consider when reviewing a forced outage. If the CAISO intends there to be a general rule, the Category C process should be used to develop policy and/or Tariff revisions.

**C. Transparent and accurate communication cannot be “false or misleading”**

PRR 1122 contemplates the situation where an SC/PTO has submitted a planned outage, the outage was initially approved, and then, at some point potentially very close in time to the outage date, the CAISO changes its approval and “subsequently disapproves the outage.” In these circumstances, it is entirely reasonable for an SC/PTO who has long-planned an outage, and relied on initial CAISO approval, to resubmit the outage as a forced outage. This is also consistent with the definition of a Forced Outage in the Tariff, which is defined as an outage for which “sufficient notice” cannot be given. Because of a subsequent CAISO disapproval, the SC or PTO cannot provide “sufficient notice.” Resubmitting an outage as forced is not false or misleading in these circumstances. The CAISO argues submission of false information, even if it is open and transparent, is still FERC rule violation.<sup>8</sup> This incorrectly assumes that the resubmission of a planned outage as a forced outage *per se* constitutes a false submission. If a

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<sup>6</sup> See CAISO Tariff §9.3.6.4.1(d).

<sup>7</sup> CAISO Answering Brief at p. 9.

<sup>8</sup> CAISO Answering Brief at pp. 10-11.

party submits a Forced Outage request, indicating that it was previously a CAISO-approved planned outage that was later disapproved, and describing the exact same scope and duration, there is nothing misleading about this conduct. The CAISO mistakenly relies on *Deutsche Bank Energy Trading, LLC*. In that case, Deutsche Bank submitted a transaction as a “wheeling-through transaction” even though such a transaction requires an external resource/load. In fact, Deutsche Bank did not have an external resource/load and thus its representations were “false and fraudulent.”<sup>9</sup> The same occurred in the other two case cited by the CAISO.<sup>10</sup> Here, unlike those cases, an SC/PTO is transparently explaining that this was previously a planned outage approved by the CAISO, the CAISO subsequently disapproved it, and so the SC/PTO is resubmitting it as a forced outage.

#### **D. PRR 1122 is inconsistent with the Tariff**

PRR 1122 is inconsistent with the Tariff in two ways. First, PRR 1122 holds the PTO/SC responsible for the actions of the generator operator where the Tariff holds the operator responsible for its own actions. Second, PRR 1122 uses only one factor in determining whether or not the behavior is in violation of its Tariff. However, Section 9.3.10.6 of the Tariff enumerates an inclusive list of ten factors that contribute to CAISO’s determination of “questionable behavior.” By definition, PRR 1122 is inconsistent with the Tariff by not being clear that resubmission of a rejected outage is just one of ten, or more, factors that contribute to the Tariff’s definition of questionable behavior worthy of a FERC referral.

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<sup>9</sup> *Deutsche Bank Energy Trading, LLC*, 142 FERC ¶ 61,056 (2013) at P 23.

<sup>10</sup> *Gila River Power LLC*, 141 FERC ¶ 61,136 (2012) at P 12; *Constellation Energy Commodities Group, LLC*, 145 FERC ¶ 61,062 (2013) at PP 4-5.