

# Memorandum

**To:** ISO Board of Governors

**From:** Roger Collanton, Vice President, General Counsel, Chief Compliance Officer,  
and Corporate Secretary

**Date:** May 10, 2023

**Re:** Regulatory update since last report dated March 15, 2023

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***This memorandum does not require ISO Board of Governors action.***

## Highlights

- *FERC accepts Applicant Participating Transmission Owner Agreement for TransWest Express LLC*
- *FERC accepts the ISO's tariff amendment to enhance generator interconnection procedures*
- *FERC accepts the ISO's Order No. 881 compliance filing*
- *The ISO files its energy storage enhancements and resource sufficiency evaluation enhancements tariff amendments*

## Federal Energy Regulatory Commission

- **Meter Data (ER23-1699)**

On April 24, 2023, the ISO filed a petition for limited tariff waiver of conduct penalties for the submission of corrected meter data. The petition seeks to excuse the ISO from assessing pending or future financial penalties for late meter data revisions until the earlier of the effective date of future revisions to the penalties in tariff section 37.11 or May 1, 2024. The petition also seeks to treat entities subject to this waiver as ineligible market participants under tariff section 37.9.4 for purposes of distributing penalty proceeds.

- **Performance Metrics for ISOs, RTOs, and utilities in regions outside ISOs and RTOs (AD19-16)**

On April 24, 2023, the ISO filed an initial submission of data for years 2019 through 2022 in response to FERC's January 18, 2023, notice requesting ISOs, RTOs, and utilities in regions outside of ISO and RTOs to submit data responsive to common performance metrics.

- **Order No. 893: Incentives for Advanced Cybersecurity Investment (RM22-**

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### 19/RD23-2)

On April 20, 2023, FERC issued a final rule to establish rate incentives to encourage investments by utilities in advanced cybersecurity technology and participation by utilities in cybersecurity threat information sharing programs.

- **Order No. 881 – Managing Transmission Line Ratings (ER22-2362)**

On April 20, 2023, FERC accepted the ISO's filing to comply with Order No. 881. Among other things, Order No. 881 requires transmission providers to use hourly ambient adjusted ratings for the provision of near-term transmission service. The FERC order directs the ISO to make a further compliance filing to (1) revise the definition of Transmission Line Ratings to specify that relevant transmission equipment may include, but is not limited to, circuit breakers, line traps, and transformers; and (2) clarify exceptions from the use of ambient adjusted ratings will be re-evaluated at least every five years.

- **WEIM: State of Washington/Greenhouse Gas Compliance (ER23-474)**

On April 20, 2023, FERC issued an order accepting the ISO's March 13, 2023, compliance filing in connection with tariff revisions to allow resources located within the state of Washington, and participating in the WEIM, to reflect the costs of greenhouse gas compliance in their default energy bids and commitment costs.

- **North America Energy Standards Board (NAESB) Compliance and Waiver (ER23-426/ER23-427)**

On April 11, 2023, FERC issued an order accepting the ISO's March 23, 2023, compliance filing revising tariff section 7.3.3 to address NAESB Wholesale Electric Quadrant (WEQ) standards.

- **Resource Sufficiency Evaluation Enhancements – Phase 2 (ER23-1534)**

On March 31, 2023, the ISO filed a tariff amendment to implement market rule changes developed through phase 2 of its resource sufficiency evaluation (RSE) enhancements. The changes propose a new assistance energy transfer product and clarify the treatment of real-time export schedules. RSE is a key element of the western energy imbalance market that ensures each entity can adequately balance its own supply and demand prior to participating in the real-time market.

- **Energy Storage Enhancements (ER23-1533)**

On March 31, 2023, the ISO filed a tariff amendment to implement the first phase of the ISO's energy storage enhancements stakeholder initiative. The revisions consist of four distinct changes: (1) providing storage resources with opportunity costs when they receive an exceptional dispatch to hold a state of charge; (2) enhancing storage resources' day-ahead default energy bids to include opportunity costs; (3) requiring storage resources to

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submit real-time energy bids to cover day-ahead ancillary service awards; and (4) clarifying that the ISO will consider the impact regulation awards have on energy storage resources' state of charge.

- **Minimum State of Charge Extension (ER23-1485)**

On March 28, 2023, the ISO filed a tariff amendment proposing to extend the minimum state of charge requirement for resource adequacy storage resources until the earlier of September 30, 2023, or the implementation of the ISO's planned exceptional dispatch state of charge enhancements.

- **Interconnection Process Enhancements – Phase 2 (ER23-941)**

On March 27, 2023, FERC issued a letter order accepting the ISO's January 26, 2023, tariff amendment to improve its generator interconnection process. The revisions clarify requirements to qualify for higher priority in the transmission plan deliverability allocation process, which will help ensure the ISO allocates deliverability to those projects most likely to secure financing and reach commercial operation. The revisions also memorialize the study and network upgrade reimbursement rules when the ISO is an affected system.

- **Transmission Planning and Cost Management/Joint Task Force on Electric Transmission (AD22-8/AD21-15)**

On March 23, 2023, the ISO filed post-technical comments describing why an independent transmission monitor is unnecessary for the ISO, and that local planning issues identified by FERC are being addressed in several parallel and overlapping venues. Establishing an independent transmission monitor for the ISO's transmission planning process would duplicate work already being done by the ISO and could add uncertainty and delays to the existing process.

- **San Diego Gas & Electric Co. - Application to Recover Fuel Cost (ER21-2193)**

On March 23, 2023, the ISO filed comments supporting SDG&E's offer of settlement to resolve its application to recover \$12.8 million in fuel costs from trading days in February 2021. On April 4, 2023, FERC's settlement judge issued a certification of uncontested offer of settlement, and a final report of settlement. Under the offer of settlement, SDG&E will receive \$5 million as reimbursement for fuel costs incurred in February 2021.

- **CXA La Paloma v. CAISO (EL23-24/ER21-2592)**

On January 20, 2023, CXA La Paloma filed a complaint against the ISO alleging it is entitled to more interconnection service capacity than the ISO recognizes. These issues are pending in a proceeding involving a replacement generator interconnection agreement (GIA)

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between the ISO, CXA La Paloma, and PG&E. The ISO has responded to the complaint and, in March, filed a response to CXA La Paloma's motion to consolidate the complaint proceeding and the replacement GIA proceeding. Briefing in the replacement GIA proceeding is also now complete. These matters remain before FERC.

- **Interregional High Voltage Direct Current Merchant Transmission (AD22-13)**

On March 8, 2023, the ISO joined the ISO/RTO Council (IRC) in response to a request for a technical conference to address issues related to the development of interregional merchant high voltage direct current transmission facilities. The IRC requested that FERC decline to initiate a technical conference narrowly focused on a single technology type and instead recommended that FERC first address the larger outstanding threshold issues that are currently pending in the various administrative and rulemaking dockets.

### **Non-Conforming Regulatory Agreements**

- **Oakland Power Company LLC – Reliability Must Run (RMR) Agreement (ER21-292)**

On April 28, 2023, FERC issued an order approving the ISO's and Oakland Power Company LLC's January 24, 2023, joint offer of settlement and accepting revisions to Oakland Power's RMR agreement.

- **Transmission Control Agreement (TCA) – Citizens S-Line Transmission LLC (ER23-861)**

On April 14, 2023, FERC issued an order accepting the ISO's January 17, 2023, revision to the TCA to add Citizens S-Line Transmission LLC as a new participating transmission owner.

- **Applicant Participating Transmission Owner Agreement - TransWest Express LLC (ER23-838)**

On March 14, 2023, FERC issued an order accepting the Applicant Participating Transmission Owner Agreement between the ISO and TransWest Express LLC. The agreement addresses TransWest's responsibilities and relationship with ISO until ISO assumes operational control over TransWest's proposed TransWest Express Transmission

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Project.

### **California Public Utilities Commission**

- **Oll: Investigation into Natural Gas Prices During Winter 2022-2023 (I.23-03-008)**

On April 19, 2023, the ISO submitted its February 6, 2023 “Gas Conditions and CAISO Markets” report in to the record of the CPUC’s proceeding.

- **Pacific Gas & Electric Co. – Demand Response Programs (A.22-05-022)**

On April 14, 2023, the ISO filed reply comments on an Administrative Law Judge’s ruling seeking comments on questions regarding sharing data used in the Demand Response Auction Mechanism (DRAM) Evaluation Report submitted by Resource Innovations. The ISO emphasized that the CPUC should establish appropriate data protections, including a protective order or non-disclosure agreement, between the CPUC and any party who may receive confidential versions of the report or confidential data used in the development of the report.

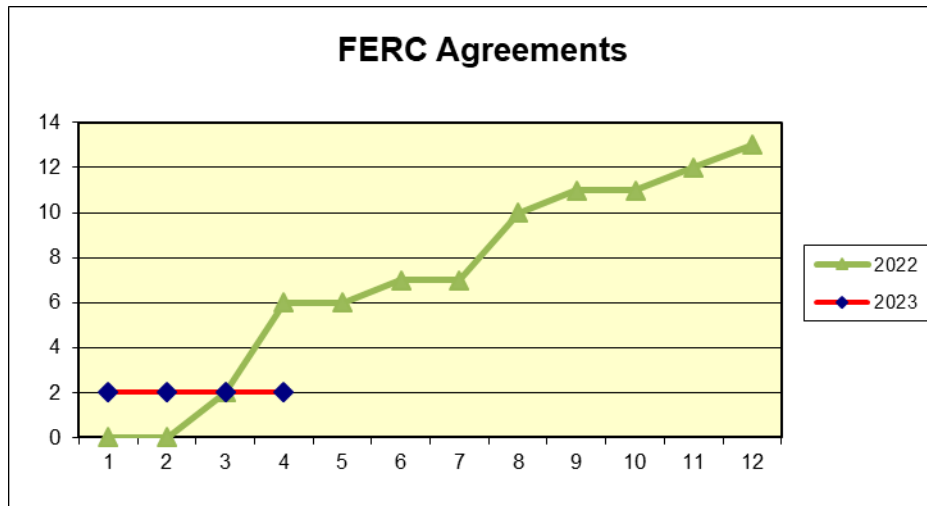
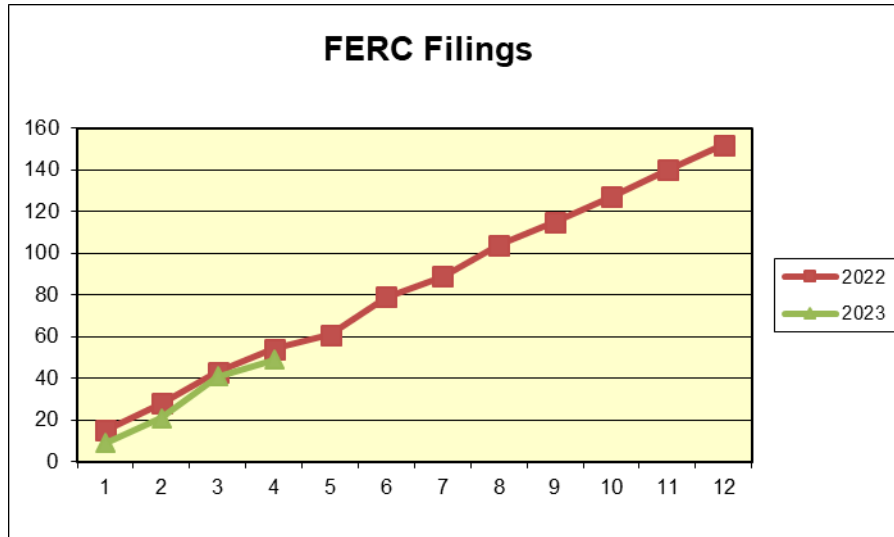
- **Resource Adequacy Program (R.21-10-002)**

On March 23, 2023, the ISO filed opening comments on a proposed decision regarding phase 2 of the resource adequacy reform track. The comments focus on the process for setting the planning reserve margin (PRM) under the “slice of day” framework, the proposed exceedance methodology for wind and solar resources, and the proposed qualifying capacity values for use in ISO processes. The ISO urged the CPUC to clarify, in advance of the test year, how it will select and test the PRM under the slice of day framework. The ISO asked the CPUC to commit to test and re-evaluate other PRM approaches this year, given limited evidence that a single annual PRM approach will produce a resource portfolio that meets a 1 in 10 loss of load expectation. Finally, the ISO urged the CPUC to re-evaluate wind and solar exceedance approaches and the values proposed for use in ISO processes after experience with the test year.

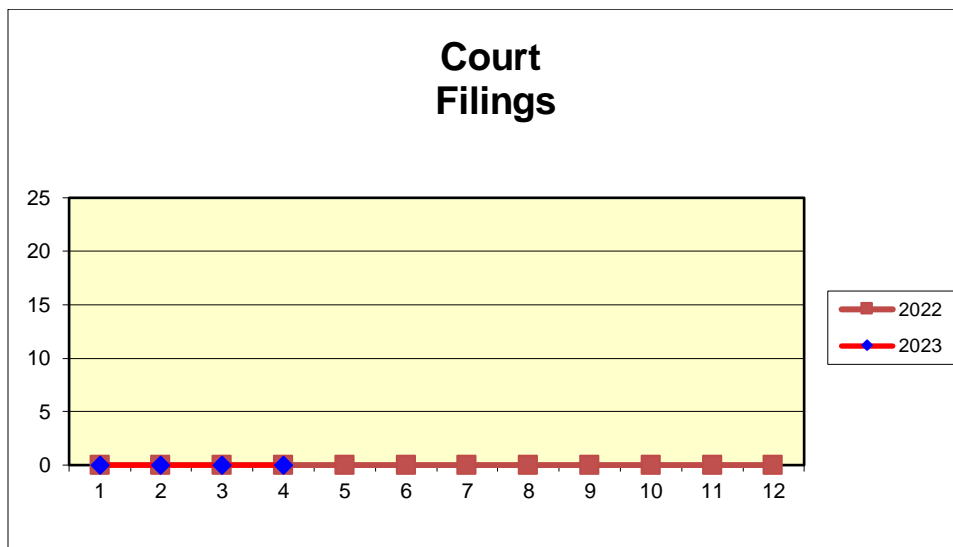
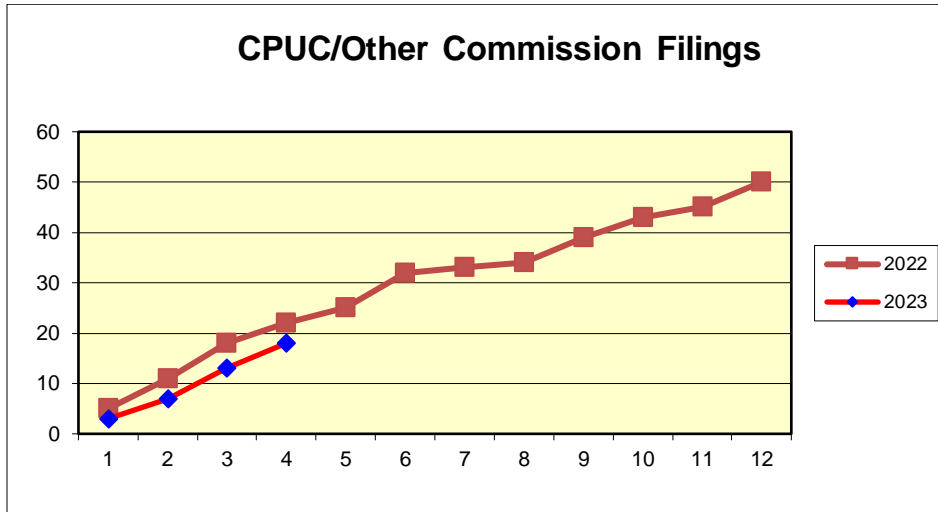
On March 28, 2023, the ISO filed reply comments on the proposed decision arguing the CPUC should provide clear direction on the process to set the PRM under the slice of day framework in advance of the 2024 test year. The ISO supported recommendations that the CPUC reevaluate the proposed wind and solar counting approach and qualify capacity values provided to the ISO after some experience with the test year.

On April 6, 2023, the ISO filed its draft 2024 Local Capacity Technical Report.

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