

Memorandum

To: ISO Board of Governors

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

Date: October 19, 2022

Re: Regulatory update since last report dated August 17, 2022

This memorandum does not require ISO Board of Governors action.

Highlights

- *The Department of Energy issued an emergency order enabling the dispatch of additional generation during the September 2022 heat wave*
- *The ISO filed comments on the transmission planning Notice of Proposed Rulemaking (NOPR)*
- *The ISO filed comments on the credit related information sharing NOPR*
- *The ISO filed a tariff amendment regarding energy storage bid cost recovery*
- *The ISO filed a tariff amendment to enhance the dispatch of reliability demand response resources in the ISO's market*
- *FERC approved a revision to the Transmission Control Agreement to remove the City of Vernon as a participating transmission owner*
- *FERC accepted tariff revisions regarding the generator interconnection process*

Federal Energy Regulatory Commission

- **NOPR: Credit Related Information Sharing in Organized Wholesale Markets (RM22-13)**

On October 7, 2022, the ISO joined the ISO/RTO Council in initial comments on FERC's NOPR, supporting a rule to permit ISOs/RTOs to voluntarily share market participants' credit-related information among themselves to enhance credit risk assessment efforts.

- **NOPR: Incentives for Advanced Cybersecurity Investment (RM22-19)**

On September 22, 2022, FERC issued a NOPR to establish rules for incentive-based rate

Regulatory Filings Through October 12, 2022

treatment for voluntary cybersecurity investments.

- **Energy Storage Bid Cost Recovery (ER22-2881)**

On September 19, 2022, the ISO filed a tariff amendment to address a market design issue, identified by the Department of Market Monitoring, whereby under specific conditions affects the bid cost recovery of storage resources awarded ancillary services. The tariff amendment will prevent storage resources from receiving real-time bid cost recovery for real-time market intervals in which the Ancillary Service State of Charge Constraint requires a storage resource to charge or discharge. This amendment remedies unintended market outcomes producing unwarranted bid cost recovery payments during these intervals.

- **NOPR: Building the Future through Electric Regional Transmission Planning and Cost Allocation and Generator interconnection (RM21-17)**

On August 17, 2022, the ISO filed opening comments on FERC's transmission planning NOPR, in which FERC proposes, among other things, to require transmission providers to undertake long-term regional transmission planning. The ISO cautioned FERC against adopting overly prescriptive requirements or imposing "one size fits all" mandates. The ISO urged FERC not to require the ISO to discontinue its assessment of public policy-driven transmission needs in its annual transmission planning process and instead require the ISO to consider such needs only in the new long-term regional transmission planning process.

On September 19, 2022, the ISO filed reply comments urging FERC to provide transmission providers sufficient flexibility in implementing long-term regional transmission planning. The ISO opposed requests that FERC require transmission providers to evaluate and approve in their regional transmission planning processes all asset management and maintenance projects expected to cost \$3 million or more. The ISO also opposed comments asking FERC to expand the applicability of competitive solicitation processes to facilities down to 100 kV.

- **Interconnection Process Enhancements Phase 1 (ER22-2018)**

On August 31, 2022, FERC accepted the ISO's June 2, 2022, tariff revisions to its generator interconnection process.

- **Rules of Conduct – Distribution of Proceeds (ER22-2730)**

On August 26, 2022, the ISO filed a petition for approval to distribute the proceeds of penalties collected for violations of the ISO's rules of conduct and non-refundable study deposits for projects interconnecting to Southern California Edison's distribution system for calendar year 2021.

- **Reliability Demand Response Resource (RDRR) (ER22-2700)**

On August 22, 2022, the ISO filed a tariff amendment to enhance the dispatch of RDRRs in

Regulatory Filings Through October 12, 2022

the ISO's markets and recognize their operational constraints.

- **Flexible Ramping Product Enhancements (ER22-2661)**

On August 15, 2022, the ISO filed a tariff amendment to refine its flexible ramping product by introducing nodal procurement to the uncertainty award element of the product, revising the default master file setting for proxy demand resources, and clarifying certain existing flexible ramping product-related tariff provisions.

- **Order No. 2222 - Distributed Energy Resource Aggregations (ER21-2455)**

On August 15, 2022, the ISO submitted a filing to comply with FERC's June 17, 2022 order accepting the ISO's initial Order No. 2222 compliance filing. The compliance filing included incremental tariff revisions regarding small utility opt-in criteria, eligibility to participate in ISO/RTO markets through distributed energy resource aggregations, double counting requirements, size requirements for distributed energy resource aggregations, metering and telemetry system requirements, coordination with distribution utilities, and operational coordination.

Non-Conforming Regulatory Agreements

- **City of Vernon – Removal as Participating Transmission Owner (ER22-2612)**

On October 3, 2022, FERC approved a revision to the Transmission Control Agreement to remove the City of Vernon as a Participating Transmission Owner, effective October 7, 2022. After Vernon terminates certain contracts, it will no longer have transmission assets or entitlements to place under the ISO's operational control.

- **Western Energy Imbalance Market Agreement – Western Area Power Administration (ER22-2786)**

On September 2, 2022, the ISO filed a WEIM entity agreement between the ISO and WAPA for participation in the Western Energy Imbalance Market, with an anticipated April 2023 participation date.

- **Western Energy Imbalance Market Agreement – Avangrid Renewables, LLC (ER22-2227)**

On August 24, 2022, FERC accepted the ISO's June 29, 2022 agreement between the ISO and Avangrid Renewables, LLC for participation in the Western Energy Imbalance Market, with an anticipated April 2023 participation date.

Regulatory Filings Through October 12, 2022

- **Transferred Frequency Response Agreement – Seattle City Light/City of Seattle (ER22-2683)**

On August 17, 2022, the ISO filed an agreement to secure 10 megawatts (MW) per 0.1 Hertz (Hz) in transferred frequency response from the City of Seattle for the period December 1, 2022 through November 30, 2023. This will help mitigate the risk of the ISO having insufficient primary frequency response from its native resources to meet its obligations under North American Electric Reliability Corporation (NERC) Reliability Standard BAL-003.

- **Transferred Frequency Response Agreement – Tucson Electric Power (ER22-2684)**

On August 17, 2022, the ISO filed an agreement to secure 1 megawatt (MW) per 0.1 Hertz (Hz) in transferred frequency response from Tucson Electric for the period December 1, 2022 through November 30, 2023. This will help mitigate the risk of the ISO having in sufficient primary frequency response from its native resources to meet its obligations under NERC Reliability Standard BAL-003.

Department of Energy

- **Department of Energy (Order No. 202-22-1)**

On September 1, 2022, the ISO requested an emergency order from the Department of Energy (DOE), under Federal Power Act Section 202(c), to allow certain generating facilities to operate at their maximum generation output notwithstanding air quality and other permit limitations so the ISO could access additional capacity from them during the September heat wave to preserve the reliability of the bulk electric system in California.

On September 2, 2022, the DOE issued the requested emergency order. The DOE subsequently modified this order on September 7, 2022 to extend the time frame covered by the order because of the continuing heat wave.

California Public Utilities Commission and other State Agencies

- **Integrated Resource Planning (R.20-05-003)**

On September 26, 2022, the ISO filed comments on the CPUC's September 6, 2022 staff paper (ruling): section 2 - potential near-term options to encourage procurement. In its comments, the ISO recommended that the CPUC (1) require Load Serving Entities (LSEs) to identify the resources listed in the baselines used in D.19-11-016 and D.21-06-035 that are delayed, and (2) require LSEs to procure additional resources, as soon as possible, to replace the delayed baseline resources.

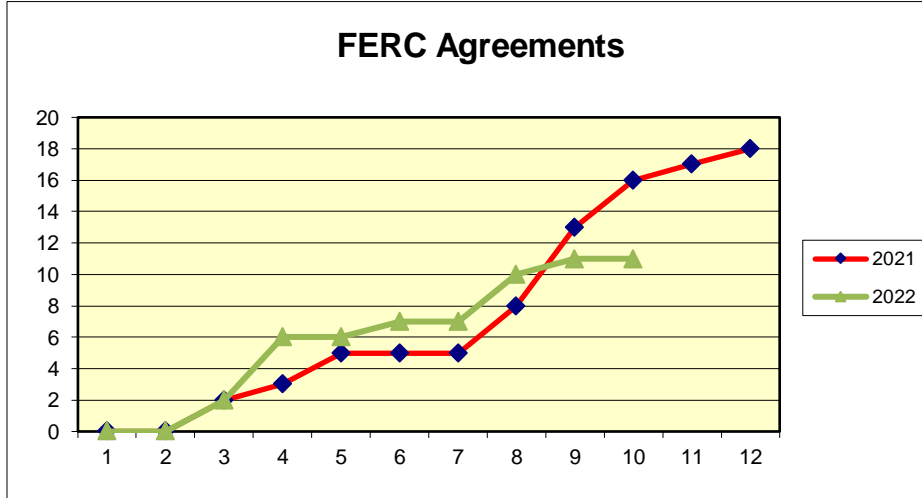
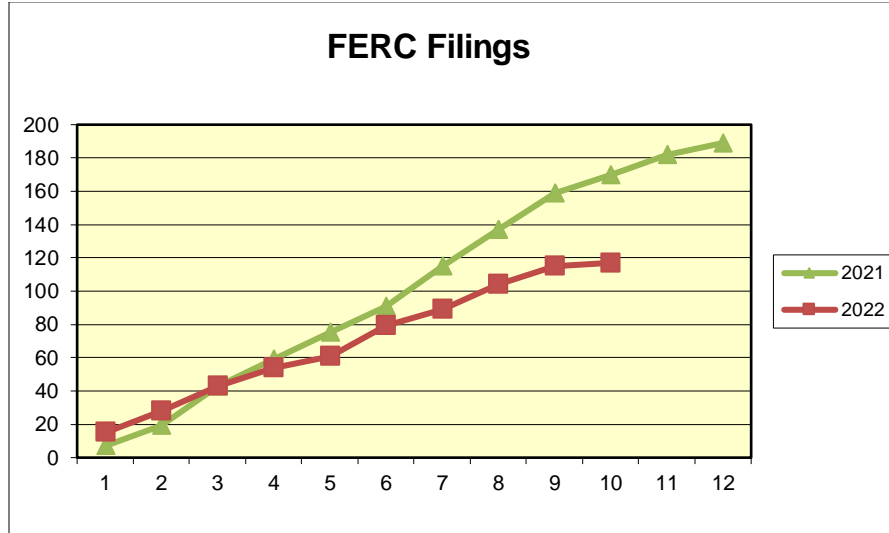
Regulatory Filings Through October 12, 2022

- **Advanced Demand Flexibility Through Electric Rates (R.22-07-005)**

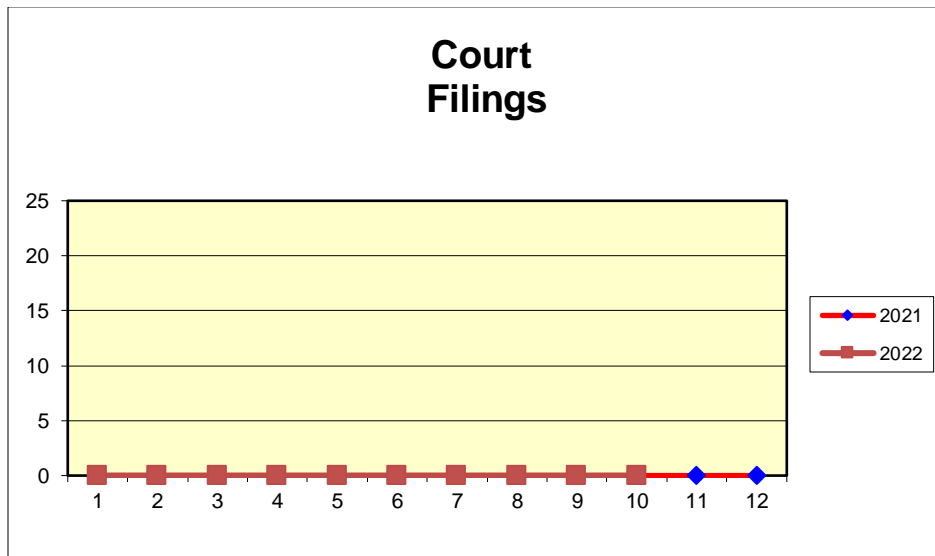
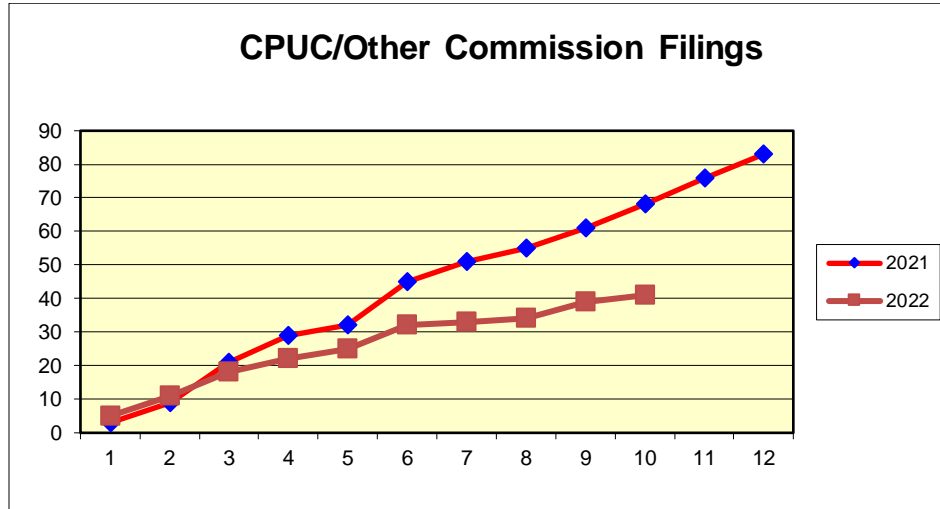
On August 15, 2022, the ISO filed opening comments on the proposed scope and schedule of the Order Instituting Rulemaking. The ISO supported strategies that will leverage wholesale market processes to inform dynamic retail rates. The ISO stated that it sees clear reliability benefits from better aligning retail rates with grid conditions, and it noted that effective renewable integration will require flexible, fast-ramping, and responsive resources across all hours of the year.

On September 27, 2022, the ISO filed a post-prehearing conference statement on the proposed scope and schedule. The ISO stated that the CPUC's scope should include data requirements to measure the underlying drivers of load response to evaluate the effectiveness of dynamic retail rates. The ISO also said the CPUC should coordinate data requirements with the CEC for long-term forecasting and with the ISO and distribution utilities for operations.

Regulatory Filings Through October 12, 2022



Regulatory Filings Through October 12, 2022



Regulatory Filings Through October 12, 2022

