

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

California Independent System Operator) Docket No. ER18-2341
Corporation)

**CORRECTED MOTION FOR LEAVE TO ANSWER AND ANSWER TO COMMENTS
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) files this answer to comments submitted in response to the CAISO's tariff amendment to modify its Energy Imbalance Market bid adder rules.¹ Several parties filed motions to intervene in response to the CAISO's filing.² Of these parties, PG&E, Powerex, the CAISO's Department of Market Monitoring, and SMUD filed supportive comments. No party protested the CAISO's tariff amendment.

In this answer, the CAISO addresses recommendations made in parties' comments that the CAISO engage in additional reporting activities associated with EIM transfers to serve demand in the CAISO or another EIM entity area located within California. As explained in the CAISO's tariff revisions, these transfers create the

¹ The CAISO files this answer pursuant to Rules 212 and 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213. Rule 213(a)(2) prohibits answers to protests absent permission of the Commission. To the extent required, the CAISO hereby moves for leave to make the answer to comments in this proceeding. Good cause exists because this answer will provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in the case. See, e.g., *Equitrans, L.P.*, 134 FERC ¶ 61,250, P 6 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,023, P 16 (2010); *Xcel Energy Services, Inc.*, 124 FERC ¶ 61,011, P 20 (2008).

² The following entities filed motions to intervene: Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; Cities of Santa Clara, California and Redding, California and the M-S-R Public Power Agency; Modesto Irrigation District; Sacramento Municipal Utility District; the Northern California Power Agency; Pacific Gas and Electric Company (PG&E); Southern California Edison Company; the CAISO's Department of Market Monitoring; American Wind Energy Association; PacifiCorp; Idaho Power Company; and Powerex Corp (Powerex).

potential for secondary dispatch.³ This outcome can arise because least cost dispatch has the effect of attributing EIM transfers serving California demand to lower emitting participating resources based on their combined energy bid and bid adder. In some cases, potentially higher-emitting resources may need to backfill this energy that was previously expected to serve EIM demand outside of California.

PG&E argues that the CAISO should produce reports on the historic volume of greenhouse emissions associated with secondary dispatch supporting imported energy into California, as well as produce reports on an ongoing basis.⁴ Powerex argues that the ISO should closely track and report on the secondary dispatch that may continue to occur in the EIM after implementation of the EIM bid adder changes.⁵

The CAISO does not file reports on the potential for secondary dispatches associated with EIM transfers to serve CAISO demand under its existing tariff rules. Likewise, the CAISO's proposed tariff changes should not require such reporting in order for the Commission to determine its revised EIM bid adder rules are just and reasonable.

Nevertheless, the CAISO recognizes that this information may be useful to stakeholders and commits to explore developing reports on a going forward basis to inform stakeholders of secondary dispatch and associated greenhouse gas emissions.

³ The CAISO's market optimization simultaneously solves to serve load in the CAISO and the other balancing authority areas in the EIM footprint. The term "secondary" dispatch simply illustrates the backfill effect of lower emitting cost resources supporting EIM transfers to serve CAISO demand with higher emitting cost resources serving demand in EIM Entities' balancing authority areas. Secondary dispatch does not mean that the market optimization has multiple distinct steps in dispatching resources to serve CAISO load versus load in EIM balancing authority areas.

⁴ Comments of PG&E at 3.

⁵ Comments of Powerex at 9-10.

The CAISO believes this effort will require collaborative discussions with stakeholders to gain consensus on the concept of secondary dispatch as well as identify the format and content of any reports.

The Commission should not require the CAISO to submit additional reports in connection with this proceeding. Such a reporting requirement is unnecessary, particularly because the CAISO is willing to develop reports on a going forward basis to inform stakeholders of secondary dispatch and associated greenhouse gas emissions. These reports will be available to the public.

Respectfully submitted

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Dated: September 26, 2018

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, pursuant to the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California, this 26th day of September, 2018.

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