

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

**California Independent System) Docket No. ER14-2017-____
Operator Corporation)**

**PETITION FOR LIMITED TARIFF WAIVER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO)¹ respectfully requests a temporary suspension of the effectiveness, or limited waiver, of certain tariff revisions to implement modeling enhancements in the CAISO's markets.² The CAISO requests waiver to permit the tariff revisions the Commission accepted to become effective as of October 1, 2014, to be implemented on a date between October 15 and November 1, 2014. The CAISO commits to submit an informational filing in this proceeding seven days in advance of the implementation of the modeling enhancement tariff revisions.

Good cause exists for the Commission to grant this request because the waiver will provide market participants with an opportunity to observe the functioning of the modeling enhancements without the Energy Imbalance Market functionality being fully deployed in market simulation before the modeling enhancements are implemented. Without such a waiver, the CASIO would be

¹ The CAISO submits this petition for waiver pursuant to Rule 207 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.207. Capitalized terms not otherwise defined herein have the meanings set forth in the CAISO tariff.

² These tariff revisions were accepted by the Commission's order in this proceeding on July 31, 2014. *California Independent System Operator Corp.*, 148 FERC ¶ 61,089 (2014) (July 31 order). The CAISO files this motion pursuant to Rules 212 and 2008(a) of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.2008(a).

required to follow a deployment timeline that would preclude this opportunity to observe the impact of staged implementation of these two important and related enhancements. Such an opportunity is consistent with standard software deployment readiness practices.

I. Background

On May 22, 2014, the CAISO filed revisions to its tariff to implement modeling enhancements that included the authority to model unscheduled flow in the CAISO's day-ahead market, the enforcement of power flow constraints in the day-ahead market, and the expansion of the full network model topology to include information on resources, load, and interchange schedules in other balancing authority areas (May 22 tariff filing). The CAISO requested a September 8, 2014, effective date for its proposed tariff revisions to reflect improvements in the CAISO's base market model and use of transaction identifiers, and requested an October 1, 2014, effective date for the balance of the tariff revisions.

In the July 31 order, the Commission accepted the May 22 tariff filing subject to a compliance filing due within 30 days after the order was issued and the filing of an informational report on pre-implementation activities prior to the planned October 1 implementation.³ The CAISO timely submitted the compliance filing and informational report.

During the past two months, the CAISO has been managing the deployment of a number of important enhancements scheduled for fall release.

³ See July 31 order at Ordering Paragraphs (A)-(B).

Two of these initiatives involve important and significant enhancements to the CAISO markets that require careful deployment of these efforts over time: expanded modeling enhancements in the day-ahead market and the implementation of an Energy Imbalance Market in which PacifiCorp will participate. These two enhancements were scheduled to become effective on October 1, 2014. On September 16, 2014, the CAISO filed a motion to delay the effectiveness of the tariff revisions to implement the Energy Imbalance Market until November 1, 2014.⁴ That extension will allow the CAISO and PacifiCorp to transition from the market simulation to a real-time representation of Energy Imbalance Market operations in a non-binding production environment operating in parallel with current market operations, in order to allow continued analysis and training until full activation on November 1, 2014. This will provide additional time to gain experience in new operating procedures and greater confidence in market results prior to issuing binding market results on November 1, 2014.

At the time it filed the Energy Imbalance Market motion on September 16, the CAISO did not anticipate a delay in the deployment of the enhanced modeling provisions. Indeed, after the motion was filed, the CAISO initially decided to modify its deployment plans to commence operating with the expanded full network model and modeling enhancements accepted in this proceeding in parallel with the Energy Imbalance Market functionality in a non-binding production environment starting on October 1.

⁴ The CAISO filed the motion in Docket Nos. ER14-1386-003, *et al.* Commission action on the September 16 motion is pending.

However, on September 25, 2014, the CAISO determined that this timeline would require it and market participants to forgo the important opportunity to observe the performance of the modeling enhancements accepted in this proceeding in a market simulation environment without the deployment of the Energy Imbalance Market. That opportunity is important because it will allow the CAISO and market participants to observe any software issues introduced by the modeling enhancements separate from the addition of the Energy Imbalance Market. While the expanded full network model and modeling enhancements have been part of the market simulation since July 28, the CAISO and market participants have not yet had the opportunity to observe the system operation and market impacts of these enhancements in a simulation environment without the full deployment of the Energy Imbalance Market. The decoupling of the two releases raises the need to observe the performance of the modeling enhancements and related software in the absence of the Energy Imbalance Market related software. The CAISO is taking this precautionary measure to satisfy standard deployment readiness practices.

II. Request for Limited Tariff Waiver

Good cause exists for the Commission to grant a limited waiver to permit the tariff revisions the Commission accepted to become effective as of October 1, 2014, to be implemented on a date between October 15 and November 1, 2014. As explained above, due to the need, consistent with standard software deployment readiness practices, to allow for a short period of market simulation with only the modeling enhancements in place without the Energy Imbalance

Market, the CAISO has determined that the tariff revisions cannot be implemented on October 1 but will instead be implemented no sooner than October 15.⁵ The CAISO will evaluate the impacts of implementing these enhancements in a simulation environment without the full deployment of the Energy Imbalance Market and will then determine the appropriate date for implementation of the modeling enhancements between October 15, 2014, and November 1, 2014. The CAISO commits to submit an informational filing in this proceeding seven days in advance of the implementation of the modeling enhancement tariff revisions.

The Commission has previously granted requests for tariff waivers in situations where (1) the waiver was of limited scope, (2) a concrete problem needed to be remedied, and (3) the waiver did not have undesirable consequences, such as harming third parties.⁶ This request for limited tariff waiver meets all three conditions. The waiver is of limited scope because it would only result in a modest delay in the implementation of the modeling enhancement tariff revisions. The waiver addresses the concrete problem that the CAISO will be unable to implement the tariff revisions by October 1. Finally, the waiver does not have any undesirable consequences because the existing CAISO tariff provisions that are in effect today will remain in effect until the tariff

⁵ The CAISO is not seeking to delay the implementation of tariff sections 11.2, 27.5.1.1, 30.5.2.1, and 30.5.2.4, and the new defined term “Transaction ID,” which the Commission accepted in the July 31 order effective as of September 8, 2014.

⁶ See, e.g., *California Independent System Operator Corp.*, 147 FERC ¶ 61,029, at P 5 (2014); *New York Independent System Operator, Inc.*, 146 FERC ¶ 61,061, at P 19 (2014); *PJM Interconnection, L.L.C.*, 141 FERC ¶ 61,103, at P 8 (2012); *ISO New England Inc.*, 134 FERC ¶ 61,182, at P 8 (2011).

revisions to implement the remaining modeling enhancements can be implemented. The waiver will effectively continue the status quo for slightly longer than contemplated by the May 22 tariff filing while still allowing the CAISO to implement the full range of modeling enhancements as expeditiously as possible. The CAISO is unaware of any harm the waiver would have to third parties. Therefore, good cause exists to grant the CAISO's request for limited waiver of the tariff revisions.

IV. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to grant a limited waiver to permit the modeling enhancement tariff revisions the Commission accepted to become effective as of October 1, 2014, to be implemented on a date between October 15 and November 1, 2014.

Respectfully submitted,

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Dated: September 26, 2014

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, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 26th day of September, 2014.

/s/ Bradley R. Miliauskas
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