

155 FERC ¶ 61,116
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

April 29, 2016

In Reply Refer To:
California Independent System
Operator Corporation
Docket Nos. ER15-1825-003
ER15-1825-004

California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attention: David S. Zlotlow

Reference: Compliance Filing and Request for Waiver

Dear Mr. Zlotlow:

1. On March 10, 2016, the California Independent System Operator (CAISO) filed tariff revisions in compliance with the Commission's February 24, 2016 order in this proceeding.¹ The February 24 Order accepted CAISO's petition to delay the effective date of tariff amendments implementing Phase 1A of its two-phase reliability services initiative (RSI).² CAISO's tariff revisions modified the effective date of various tariff

¹ *Cal. Indep. Sys. Operator Corp.*, 154 FERC ¶ 61,131 (2016) (February 24 Order).

² CAISO's RSI revised its resource adequacy rules and processes and added a new resource adequacy availability incentive mechanism that replaced the existing standard capacity product.

provisions accepted in the Commission's October 1, 2015 order in this proceeding³ from March 1, 2016 to May 1, 2016.⁴

2. On April 20, 2016, the CAISO filed a petition for a limited tariff waiver (Petition) to further extend the effective date of those revisions. Specifically, CAISO seeks to extend the effective date of those tariff revisions until June 1, 2016.

3. In the Petition, CAISO states that it will not be able to implement the RSI provisions by May 1, 2016, and that good cause exists to grant its requested waiver.⁵ CAISO states that the waiver is of limited scope because it will only apply until June 1, 2016. CAISO further asserts that the waiver will remedy the concrete problem that the CAISO will not be able to effectively implement the tariff provisions in question by May 1, 2016, because of the need for additional testing and time to address any software variances highlighted through that testing.⁶ Lastly, CAISO states that it has encountered continuing challenges implementing the RSI provisions, including issues with the key application that was necessary to run the structured market simulation scenarios.⁷ According to the CAISO, the waiver will not have undesirable consequences, because granting the waiver merely would maintain the status quo for a relatively brief period of time while CAISO and its market participants undertake the necessary rounds of market simulation and other final pre-implementation steps.⁸

4. CAISO notes, however, that the feasibility of a June 1, 2016 implementation date depends on meeting several milestones related to internal testing and market simulations. Thus, CAISO contends that it should know within a few days following the close of the market simulations on May 6, 2016, whether the proposed June 1, 2016 implementation

³ *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,002 (2015) (Reliability Services Order).

⁴ The compliance filing extends the effective date of all the tariff provisions accepted in the Reliability Services Order with the exception of sections 40.2.4, 40.10.5.1(a), and 40.10.5.1.1. Compliance Filing at 1.

⁵ Petition at 7. CAISO also filed, on April 20, 2016 in Docket No. ER16-897-002, a petition for waiver to similarly delay the effective date of its new Capacity Procurement Mechanism (CPM) to June 1, 2016.

⁶ *Id.*

⁷ *Id.* at 4.

⁸ *Id.* at 7-8.

date is feasible. If not, CAISO states that it will request additional relief to allow a further implementation delay until November 1, 2016.⁹

5. Notice of CAISO's compliance filing was published in the *Federal Register*, 81 Fed. Reg. 14,101 (2016), with protests and interventions due on or before March 31, 2016. No protests or comments were filed.

6. Notice of CAISO's Petition was published in the *Federal Register*, 81 Fed. Reg. 24,807 (2016), with protests and interventions due on or before April 27, 2016. Pacific Gas and Electric Company (PG&E) filed comments.

7. PG&E requests that the Commission extend the effective date of CAISO's RSI tariff provisions to November 1, 2016, rather than June 1, 2016.¹⁰ PG&E argues that there is significant uncertainty regarding whether a June 1, 2016 implementation date is possible and that, in light of this uncertainty, it would be better for CAISO and its market participants to target a fall implementation for the RSI tariff provisions.

8. We find that CAISO's March 10, 2016 filing complies with the Commission's directives in the February 24 Order and we therefore accept it.

9. We also grant CAISO's Petition for limited waiver to delay the effective date of its new RSI tariff provisions from May 1, 2016, to June 1, 2016. The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.¹¹ We find that CAISO's requested waiver satisfies the foregoing criteria. First, based on CAISO's representations, we find that CAISO has acted in good faith in its efforts to ensure that software implementation issues are resolved before the RSI tariff provisions go into effect. Second, we find that CAISO's request is limited in scope because it will apply for one month and retains the status quo during that limited period. Third, we find that extending the implementation of CAISO's new RSI tariff provisions addresses the

⁹ *Id.* at 5.

¹⁰ PG&E Comments at 2. In its comments, PG&E simultaneously addresses CAISO's request to delay the implementation of its new CPM until June 1, 2016, in Docket No. ER16-897-002. PG&E also requests a November 1, 2016 implementation date for the CPM tariff provisions.

¹¹ See, e.g., *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 14 (2016); *Calpine Energy Serv., L.P.*, 154 FERC ¶ 61,082, at P 12 (2016); *New York Power Auth.*, 152 FERC ¶ 61,058, at P 22 (2015).

concrete problem that CAISO cannot effectively implement the tariff revisions by May 1, 2016, due to ongoing challenges in preparing new market software for simulation. Fourth, we find that CAISO's request for wavier will prevent undesirable consequences by ensuring that CAISO has sufficient time to ensure that the new RSI market functionality meets its quality metrics and providing market participants with a robust market simulation environment. Finally, because CAISO, the petitioner here, has requested a June 1, 2016 implementation date for the new CPM, we reject PG&E's request for a November 1, 2016 implementation date. We note, however, that CAISO represents that it will know by May 6, 2016, whether the June 1, 2016 date is feasible, and we strongly encourage CAISO to inform its stakeholders and the Commission regarding the feasibility of this date as soon as possible thereafter. Therefore, we grant CAISO's petition for limited waiver. We also direct CAISO to reflect the revised June 1, 2016 effective date of the tariff revisions in a compliance filing to be filed within 15 days of the date of this order.

By direction of the Commission.

Kimberly D. Bose,
Secretary.