

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

**California Independent System            )           Docket No. ER19-538-001  
Operator Corporation                    )**

**MOTION FOR LEAVE TO ANSWER REQUESTS FOR REHEARING AND  
ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION TO REQUESTS FOR REHEARING**

Pursuant to Rules 212, 213, and 713 of the Commission’s Rules of Practice and Procedure,<sup>1</sup> the California Independent System Operator Corporation (CAISO)<sup>2</sup> files this Motion for Leave to Answer and its Answer to the Request for Rehearing by NRG Power Marketing LLC (NRG) on March 22, 2019, in this proceeding.

NRG challenges the Commission’s February 21 Order approving the CAISO’s December 12 Tariff Amendment to include details regarding the CAISO’s load conformance practices and the use of the load conformance limiter.<sup>3</sup> As explained in this tailored answer, NRG’s rehearing request includes new arguments and unsupported statements that mischaracterize the load conformance limiter and attempts to re-litigate matters settled in the Commission’s February 21 Order without pointing to actual errors in the

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<sup>1</sup> 18 C.F.R. §§ 385.212, 385.213, and 385.713 (2018).

<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the CAISO tariff.

<sup>3</sup> *Cal. Indep. Sys. Operator Corp.*, 166 FERC ¶ 61,138 (2019) (February 21 Order). The February 21 Order approved the CAISO’s December 12, 2018, tariff amendment in this proceeding (December 12 Tariff Amendment).

Commission's findings.<sup>4</sup> For these reasons, the Commission should deny NRG's rehearing requests filed in this proceeding.

### **I. Motion for Leave to Answer**

Although answers filed in response to requests for rehearing are generally not permitted by the Commission's Rules of Practice and Procedure,<sup>5</sup> the Commission has accepted such answers when they clarify issues in dispute, provide information to assist in the Commission's decision-making process, or ensure that the record is complete and accurate.<sup>6</sup> The CAISO respectfully requests leave to answer the joint request for rehearing filed in this proceeding by NRG. The CAISO submits that this limited answer will address mischaracterizations and will otherwise ensure that the record is accurate and complete.

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<sup>4</sup> The CAISO is not responding to all arguments raised in the rehearing requests, most of which the CAISO has previously addressed in its December 12 Tariff Amendment and its answer to comments and protests filed in this proceeding on January 17, 2019 (Answer).

<sup>5</sup> See 18 C.F.R. § 385.213(a)(2).

<sup>6</sup> See, e.g., *Appalachian Power Co.*, 161 FERC ¶ 61,070 at P 15 (2017) (accepting an answer to a request for rehearing because it provided information that assisted the Commission in its "consideration of this matter."); *Mich. Elec. Transmission Co., LLC*, 106 FERC ¶ 61,064 at P 3 (2004) (accepting an answer to a rehearing request because "it provides information that clarifies the issues and aids us in the decisional process."); *Duke Energy Oakland, LLC*, 102 FERC ¶ 61,093 at P 10 (2003) (finding good cause to accept an otherwise impermissible answer because it assisted the Commission in understanding and resolving the issues involved in the proceeding); *Carolina Power & Light Co.*, 97 FERC ¶ 61,048 at 61,278 (2001) (finding good cause to waive Rule 213 when the pleading helped to ensure a complete and accurate record); *Morgan Stanley Capital Group, Inc. v. N.Y. Indep. Sys. Operator, Inc.*, 93 FERC ¶ 61,017 at 61,036 (2000) (accepting an answer that was "helpful in the development of the record.").

**II. Answer**

**A. NRG Mischaracterizes the Nature of the CAISO's Load Conformance Limiter Accepted in the Commission's February 21 Order.**

NRG continues to mischaracterize the nature and purpose of the CAISO's load conformance limiter. The CAISO will not repeat all the accurate descriptions of the load conformance limiter the CAISO has submitted in this proceeding, which the Commission has accurately relied upon. However, it is important to address NRG's statements because NRG selected statements out of the Commission's February 21 Order to mischaracterize the nature of the CAISO's load conformance limiter to suggest that the Commission erred in its consideration of the CAISO's December 12 Tariff Amendment.

As referenced by the Commission in the February 21 Order, the load conformance limiter appropriately addresses the inefficiencies caused by the "coarse" adjustments to load forecast system operators are constrained to make in the absence of the ability to know exactly the systems ramping capability.<sup>7</sup> NRG incorrectly suggests that the load conformance limiter removes a system operator load adjustment that was made because the system operator thought at the time there was a need for more supply. That is incorrect. Contrary to NRG's characterization, the CAISO's load conformance limiter addresses the situation where the system operator is not making load conformance adjustments because they think the additional supply is actually needed in the specific intervals. Rather the system operator is making "coarse" adjustment to account for a

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<sup>7</sup> February 21 Order at PP 11-12.

number of factors they are observing, which may or may not mean they believe additional supply is needed in an interval. If the system operator could have the information they needed regarding the system's ramping capability, they would conform in different quantities in every interval to move the system more precisely to where they expect it should be based on the totality of the circumstances they observe. The Commission appropriately refers to this inherent characteristic of the nature of load conformances as the basis for the Commission's acceptance of the load conformance limiter.<sup>8</sup>

NRG suggests that the Commission accepted the load conformance limiter as a form of *ex post* pricing in which the CAISO is changing the pricing after it has determined there is no scarcity. NRG again mischaracterizes the CAISO's load conformance limiter. As discussed in the February 21 Order, the CAISO has previously explained that a confluence of events lead to system operator "coarse" adjustments. There are no tools that can enable the operator to precisely ramp the system to reach their desired outcome. The load conformance limiter does the work for the system operator to reliably ramp the system so that when the CAISO market run is executed, the market will produce a more reliable and efficient outcome. Contrary to NRG's suggestions, the CAISO's load conformance limiter does not work to detect whether or not there are actual shortages in a given interval and subsequently change the pricing. Rather, it serves as a tool to ramp the system based on its capability while trying to achieve the system operators' overall targets.

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<sup>8</sup> February 21 Order at PP 44.

**B. There is no Basis for a Finding that Price Scarcity should Trigger When there is No Actual Scarcity.**

NRG repeatedly cites to and highlights the Commission's references to the conditions where supply is actually not needed, and suggests that the Commission erred because scarcity pricing should not be based on whether or not actual scarcity conditions exist. Aside from the fact that the Commission uses such reference to indicate that supply is actually not needed because such insufficiency is due to the coarseness of load conformances and not the result of system operator's judgement that there is a need for additional supply. NRG fails to provide any reason why scarcity pricing should trigger when there is no actual scarcity in a given interval. NRG also fails to provide any Commission precedence that supports a conclusion that the prices should indicate scarcity when there is no scarcity. Order No. 825 does not impose such a requirement.<sup>9</sup> Nor does any prior Commission order.

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<sup>9</sup> *Settlement Intervals and Shortage Pricing in Markets Operated by Regional Transmission Operators and Independent System Operators*, 155 FERC ¶ 61,276 (2016) (Order No. 825).

**IV. Conclusion**

For the foregoing reasons, the Commission should grant the CAISO's Motion for Leave to Answer, accept its Answer as filed in this proceeding, and reject NRG's request for rehearing of the Commission's February 21 Order.

Respectfully submitted,

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Dated: April 8, 2019

## 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 8<sup>th</sup> day of April, 2019.

*/s/ Grace Clark*  
Grace Clark