

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

**California Independent System  
Operator Corporation**

**Docket No. ER16-1019-000**

**MOTION FOR LEAVE TO ANSWER AND  
ANSWER TO COMMENTS AND PROTEST**

The California Independent System Operator Corporation (CAISO) respectfully submits this motion for leave to answer, and answer, to the answer filed on April 1, 2016, by the Western Power Trading Forum (WPTF) in this proceeding.<sup>1</sup> WPTF's April 1 answer revises its recommended Commission action on the CAISO's waiver request. Like its initial recommendation, WPTF's revised proposal is problematic. As a reasonable alternative, the CAISO is prepared to publish a technical bulletin describing at a high level the changes between the relevant settlement statements during the period covered by the waiver request.

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<sup>1</sup> 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 and the CAISO hereby moves for leave to make the answer to the protest. Good cause for this waiver exists here because the answer will aid the Commission in understanding the issues in the proceeding, 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).

**I. WPTF's Revised Commission Response is Problematic and Unworkable**

WPTF initially protested the CAISO waiver request in this proceeding and asked the Commission instead to require the CAISO to make a compliance filing explaining the full settlement impacts if the relevant price corrections were made. Based on information provided in the CAISO's Answer to Comments and Protest filed in this proceeding on March 30, 2016, WPTF revises the nature of its request. WPTF's April 1 answer now asks that the Commission require the CAISO "to file on compliance the detailed results of the resettlement impacts with 30 days of completion of the resettlement or any resettlement stages – should the CAISO perform the resettlements over a period of more than 30 days."<sup>2</sup> WPTF offers its view that this will allow parties to see the impact of the resettlements and offer comment at the Commission, even if the comment is after the resettlements are made. It seems that WPTF finds this important because, in its view, doing so would allow parties to offer comment in this proceeding rather than having to make a separate complaint under Section 206 of the Federal Power Act.

The CAISO appreciates WPTF's willingness to re-assess its position in light of the further clarification provided in the CAISO's March 30 answer. The CAISO agrees that WPTF's revised proposal represents an improvement over how it initially asked the Commission to address the CAISO's pending waiver

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<sup>2</sup> WPTF Answer, at 2.

request. Unfortunately, even with the revisions, WPTF's proposed Commission action is unnecessary and unworkable for several reasons.

First, the reports WPTF envisions would be redundant for market participants. The information provided with the recalculation statements in the normal course of business would be sufficient for each impacted market participant to calculate its day-by-day impact from processing the price corrections. Additional filings with the Commission simply are not necessary for individual market participants to view the impact of the price corrections on their recalculation settlement statements.

Second, the CAISO does not see how any party comments offered in response to WPTF's proposed reports could be used to inform the Commission's decision making process in this matter, nor does the CAISO see how those comments would necessarily forestall Section 206 complaints that otherwise would not be filed with the Commission. If the Commission grants the request, then the CAISO will process the corrections on the next available recalculation settlement statements. The after-the-fact assessments that WPTF has called for would only be useful for the Commission's decision making process in this matter if the Commission were to consider making the waiver conditional and subject to reversal on either the thirty-five or thirty-six month recalculation settlement statements. That is not what the CAISO has proposed, nor does the CAISO believe that creating such a level of continued market uncertainty would be a positive development. If the Commission grants the CAISO's requested waiver, then any market participant concern over the revised settlement figures should

be addressed in the first instance through the CAISO's established settlement dispute process, rather than a Section 206 complaint.<sup>3</sup> Where the CAISO and a market participant cannot resolve a settlement dispute, the next logical step can be a complaint under Section 206 of the Federal Power Act.<sup>4</sup> Those concerns would not be amenable to resolution in this proceeding, which is a general proceeding concerning waiver of overall settlements timelines for a range of trading days.

Third, producing the reports on the schedule WPTF proposes would represent an undue compliance burden for the CAISO. If the Commission grants the waiver, then the CAISO will process the price corrections on either the eighteen-month or thirty-five month recalculation settlement statements for the relevant trading days.<sup>5</sup> These corrections will happen over approximately a six-month rolling period to match the approximately six-months of trading days covered by the waiver request. As the CAISO understands the terms that WPTF proposes, this means that the CAISO would be responsible for preparing and filing a monthly report for six months while it is in the midst of processing the price corrections and corresponding recalculation settlement statements. These reports would have to be prepared by many of the same CAISO staff members

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<sup>3</sup> See CAISO tariff, section 11.29 (outlining the CAISO settlements timeline and dispute window for each of the various settlement statements).

<sup>4</sup> Depending on the circumstances, another avenue of resolution would be the alternative dispute resolution process outlined in section 13 of the CAISO tariff.

<sup>5</sup> As the CAISO explained in its initial request for a waiver, a Commission order approving the requested waiver by April 18, 2016, would enable all of the covered corrections to be reflected on their corresponding eighteen-month recalculation settlement statements. February 26 waiver at 3-4. An order after that point would result in some of the corrections being processed on a thirty-five month statement.

who also would be responsible for making sure that the price corrections and recalculation statements are processed correctly and would place an undue burden on the CAISO.

## **II. The CAISO Will Provide Overall Impact Analysis Upon Completion of the Resettlements**

Although each individual market participant will have full transparency as to the impact of the waiver on a day-by-day basis as the recalculation settlement statements are processed, the CAISO nevertheless understands that there could be value for the market to view the overall impact if the waiver were granted. Accordingly, the CAISO is willing to provide high-level analysis of the changes between the relevant settlement statements during the period covered by the waiver request. So as not to interfere with ongoing processing of the corrections, the CAISO would not produce such a report until after all of the resettlements have been completed.<sup>6</sup> Consistent with the CAISO's prior practice in this matter, the CAISO would look to present the analysis to its stakeholders in the form of a technical bulletin,<sup>7</sup> rather than as a filing in this proceeding.

The CAISO believes that providing such a report represents a reasonable accommodation that would provide the market an additional measure of

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<sup>6</sup> If the Commission issues an order granting the waiver by April 18, 2016, then the CAISO could produce such a report at some point reasonably after October 19, 2016. October 19, 2016, is when the eighteen-month recalculation settlement statement for the April 30, 2015, trading day (*i.e.*, the last day covered by the waiver) is scheduled for publication. If, however, any of the corrections are reflected on a thirty-five month settlement statement, then such a report would not be available until September 2017. If some of the corrections are made on thirty-five month statements, then the CAISO is amenable to limiting its after-the-fact analysis only to adjustments made on eighteen-month statements so as not to delay the analysis from October 2016 to September 2017.

<sup>7</sup> February 26 waiver at 5 n.8. The CAISO likely would provide the results as an addendum to the March 2, 2015, technical bulletin.

transparency over this matter while not representing an undue burden on the CAISO.

### **III. Conclusion**

The Commission should approve the CAISO's February 26 waiver request as filed, subject to the CAISO's further commitment to provide a technical bulletin describing the overall settlement impacts of the waiver once the full scope of settlement recalculations have been processed.

Respectfully submitted,

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Dated: April 8, 2016

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, 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 Folsom, California this 8<sup>th</sup> day of April 2016.

*Is/ Anna Pascuzzo*

Anna Pascuzzo