

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

California Independent System            )       Docket No. ER16-1649-000  
Operator Corporation                    )

**PETITION FOR EXTENSION OF LIMITED TARIFF WAIVER TO SUSPEND  
EFFECTIVE DATE OF THE CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) respectfully requests that the Commission extend the waiver of certain tariff revisions accepted in the order issued in this proceeding on June 1, 2016,<sup>1</sup> the effectiveness of which the Commission, in an order issued on August 4, suspended through August 5, 2016.<sup>2</sup>

In the June 1 Order, the Commission accepted “CAISO’s proposal to use an ICE-generated index” in implementing proposed tariff revisions to improve the accuracy of the natural gas price index the CAISO uses to calculate commitment costs, generated bids, and default energy bids in the day-ahead market, to be effective on an interim basis from July 6, 2016 until November 30, 2016.<sup>3</sup> Under the revised tariff provisions, the CAISO would calculate these amounts using a volume-weighted average gas price that is reported by the Intercontinental

---

<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 155 FERC ¶ 61,224 (2016) (June 1 Order).

<sup>2</sup> *Cal. Indep. Sys. Operator Corp.*, 156 ¶ 61,093 (2016) (August 4 Order). Specifically, the Commission granted limited waiver of the revisions to sections 39.7.1.1.1.3(a)-(b), 30.4.1.2(b), and 31.6.1(v) of the CAISO tariff that the Commission accepted in the June 1 Order. The CAISO submits this petition for limited waiver pursuant to Rule 207 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.207 (2015).

<sup>3</sup> *Id.* at P 12 & nn.13-14.

Exchange (ICE) between 8:00 a.m. and 9:00 a.m.,<sup>4</sup> *i.e.*, prior to the running of the CAISO's day-ahead market.<sup>5</sup> The Commission noted, however, that "in order to use an index reported by ICE, the index must conform" to the Commission's policy statement on price indices.<sup>6</sup>

On July 1, 2016, the CAISO filed in this proceeding a petition for limited tariff waiver to suspend the effectiveness of these tariff revisions through no later than August 5 while it evaluated whether the volume-weighted gas price the CAISO plans to draw from the ICE system between 8:00 a.m. and 9:00 a.m. conforms to the Policy Statement. In that petition, the CAISO indicated that if it could not make this determination it would, by no later than August 5, submit an appropriate filing seeking alternative relief. The Commission granted this waiver on August 4.<sup>7</sup>

On August 3, the CAISO filed a motion for clarification, or in the alternative, petition for limited waiver of the June 1 Order, indicating that although the CAISO is not in a position to represent that the volume-weighted average price conforms to the Policy Statement, it is calculated in the same manner as the "official" index reported by ICE later in the day, which ICE has represented as meeting the Policy Statement's criteria. For this reason, and to avail itself of the benefits of using the volume-weighted average price in its calculations, the

---

<sup>4</sup> All times listed in this filing are Pacific time.

<sup>5</sup> This price is reported prior to the official index reported by ICE at 11:30 a.m.

<sup>6</sup> June 1 Order at P 12 n.14 (citing *Policy Statement on Natural Gas and Electric Price Indices*, 104 FERC ¶ 61,121, *order on clarification*, 105 FERC ¶ 61,282 (2003)) (Policy Statement).

<sup>7</sup> *Cal. Indep. Sys. Operator Corp.*, 156 FERC ¶ 61,093 (2016) (August 4 Order).

CAISO requested that the Commission clarify that the CAISO is authorized to implement the interim tariff revisions relating to the improved gas price calculation process.

#### **I. Petition for Extension of Limited Tariff Waiver**

Out of an abundance of caution, the CAISO requests that the Commission grant the CAISO an extension of the limited tariff waiver that it approved on August 4 until two business days after the Commission rules on the CAISO's request for clarification regarding its authority to implement the interim tariff revisions relating to the improved gas price calculation process.<sup>8</sup>

Good cause exists for the Commission to grant an extension of the limited waiver so as to continue to suspend the effectiveness of the tariff revisions. The Commission has previously granted requests for tariff waivers in situations where (1) the waiver is of limited scope; (2) a concrete problem needs to be remedied; and (3) the waiver did not have undesirable consequences, such as harming third parties.<sup>9</sup> This waiver petition meets all three conditions.

The waiver is of limited scope in that it will only apply until two business days after the Commission rules on the CAISO's motion for clarification.<sup>10</sup>

---

<sup>8</sup> As explained in its motion for clarification, the CAISO can implement the tariff revisions that use that index within two business days after the Commission issues an order providing the requested clarification. Also, paragraph 4 of the August 4 Order directed the CAISO to submit a compliance filing within fifteen days after that order was issued that provides the effective date of the tariff revisions. Because the CAISO is requesting extension of its limited tariff waiver, the CAISO also requests that the Commission permit the CAISO to submit the compliance filing within fifteen days after the Commission rules on the CAISO's request for clarification.

<sup>9</sup> See, e.g., *N.Y. Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,061, at P 19 (2014); *PJM Interconnection, L.L.C.*, 146 FERC ¶ 61,041, at P 5 (2014); *ISO New England, Inc.*, 134 FERC ¶ 61,182, at P 8 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,004, at P 10 (2010).

<sup>10</sup> The interim tariff provisions expire by their own operation on November 30, 2016, so the maximum period this waiver would be in place would be slightly less than four months.

Assuming the Commission approves the CAISO's motion for clarification (or grants the alternative request for waiver of the June 1 Order) the CAISO will implement the tariff revisions within two business days of that order and issue a market notice and make an informational filing with the Commission to announce their implementation.<sup>11</sup>

The waiver will also remedy the concrete problem associated with the CAISO implementing the interim improved gas price calculation process today, August 5, coupled with the risk that the Commission might deny the CAISO's motion for clarification and determine that the CAISO did not have the authority to implement the interim improved gas price procedures based on the language in the June 1 Order. It would, for example, be extremely difficult, if not impossible, for the CAISO to rerun its markets to reflect the use of an alternative gas price calculation methodology. Further, the waiver will not have undesirable consequences for the same reason as explained in its July 1 petition – it will maintain the status quo of the day-ahead gas price calculation procedures, including the manual gas price spike procedure, set forth in the currently effective tariff language.

For these reasons, good cause exists for the Commission to extend the waiver granted in the August 4 Order.

---

<sup>11</sup> The Commission has authorized such an approach in granting prior tariff waiver requests. *See, e.g., Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,285 (2014); *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,138 (2015).

## II. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to extend the limited waiver granted in the August 4 Order and continue to suspend the effectiveness of the tariff revisions regarding the revised day-ahead gas price calculation procedures that the Commission accepted in the June 1 Order, until no later than two business days after the Commission rules on the CAISO's August 3 motion for clarification.

Respectfully submitted,

Roger E. Collanton  
General Counsel  
Anna M. McKenna  
Assistant General Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (916) 351-4400  
Fax: (916) 608-7222  
E-mail: [amckenna@caiso.com](mailto:amckenna@caiso.com)

Michael Kunselman  
Bradley R. Miliauskas  
Alston & Bird LLP  
The Atlantic Building  
950 F Street, NW  
Washington, DC 20004  
Tel: (202) 239-3300  
Fax: (202) 654-4875  
E-mail: [michael.kunselman@alston.com](mailto:michael.kunselman@alston.com)  
[bradley.miliauskas@alston.com](mailto:bradley.miliauskas@alston.com)

Counsel for the California Independent System Operator Corporation

Dated: August 5, 2016

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed in 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, DC this 5<sup>th</sup> day of August, 2016.

/s/ Bradley R. Miliauskas  
Bradley R. Miliauskas