

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

Tucson Electric Power Company)	
)	
v.)	Docket No. EL24-15-000
)	
California Independent System)	
Operator Corporation)	

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO COMPLAINT**

The California Independent System Operator Corporation (CAISO) submits its answer to the complaint filed in this proceeding by Tucson Electric Power Company (TEP) on November 14, 2023.¹ The complaint appeals tariff-required sanctions of \$191,000 related to late submission of meter data values. This total includes penalties the CAISO already has assessed and penalties the CAISO will assess on upcoming settlement statements. The CAISO supports TEP's request because there is a reasonable basis for the Commission to find the sanction is inequitable based on the facts in TEP's complaint. However, the Commission should reject TEP's argument that the CAISO's Business Practice Manual for metering (Metering BPM) is inconsistent with the CAISO tariff and the suggestion the CAISO did not exercise appropriate diligence in approving TEP's readiness for participation in the Western Energy Imbalance Market.

¹ The CAISO files this answer pursuant to Rule 213 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213.

I. Answer

Section 37 of the CAISO tariff, referred to as the CAISO's rules of conduct, establishes a variety of rules for market participant behavior and defines consequences when market participants do not adhere to those rules.² One rule relates to correcting self-reported meter data values after the correction deadline, which is fifty-two business days after the applicable trading day.³ The CAISO assesses a sanction of \$1,000 for each trading day with late corrections.⁴ The CAISO does not have discretion on assessing this sanction.

TEP asserts it faces excessive and disproportionate penalty exposure from the eight rules of conduct inaccurate meter data matters covered in its November 14 complaint.⁵ TEP argues it is situated similarly to multiple other entities that have also recently appealed penalties the appellants viewed as disproportionate because the underlying meter data issues were long-lasting but involved relatively minor and inadvertent errors. In support of its claim, TEP also suggests two aspects of the CAISO's activities may have contributed to the underlying meter data inaccuracies. First, TEP states section 6.1.5 of the Metering BPM is inconsistent with section 29.11(c)(2)(B) of the CAISO tariff and that this inconsistency contributed to some of the meter data issues that triggered

² See CAISO tariff section 37.1.2.

³ CAISO tariff section 37.5.2.1.

⁴ CAISO tariff sections 37.11.1 & 37.11.2.

⁵ The eight rules of conduct matters are: IMD_1546_TEP; IMD_1547_TEP; IMD_1572_TEP; IMD_1590_TEP; IMD_1605_TEP; IMD_1616_TEP; IMD_1651_TEP; and IMD_1670_TEP.

the penalties relevant to this docket.⁶ Second, TEP claims other elements of the meter data inaccuracies were caused by erroneous formulas in the metering plan TEP submitted to the CAISO to meet the readiness criteria in section 29.2 of the CAISO tariff and that the CAISO approved per CAISO tariff section 29.2(b)(7)(F)(i).

Consistent with the position it has taken in response to several similar recent petitions, the CAISO agrees its current tariff-defined penalty of \$1,000 per trading day can create excessive penalties in cases such as this where a single set of metering configuration errors create meter data inaccuracies over an extended period.⁷ The CAISO opened the Rules of Conduct Enhancements stakeholder initiative in May 2023 to address a variety of rules of conduct issues, including the potential for excessive penalties in circumstances such as those that triggered TEP's penalty. Until those rule changes are evaluated by the Commission, the CAISO supports relief for parties such as TEP that have established they are exposed to inequitable penalties under the existing tariff rules.

Although the CAISO supports TEP's request for relief from penalties, the CAISO does not agree with TEP's view that the Metering BPM is inconsistent with the CAISO tariff or that the CAISO's certification of TEP's readiness to participate in the WEIM under CAISO tariff section 29.2(b)(7)(F)(i) creates any

⁶ The Metering BPM is available at: https://bpmcm.caiso.com/BPM%20Document%20Library/Metering/BPM%20for%20Metering_v23_Clean.docx.

⁷ See, e.g., *City of Corona, Cal. v. Cal. Indep. Sys. Operator Corp.*, Answer to Complaint, FERC Docket No. EL23-99-000 (Oct. 10, 2023); *Idaho Power Co. Cal. Indep. Sys. Operator Corp.*, Answer to Complaint, FERC Docket No. EL23-94-000 (Sep. 18, 2023).

form of “safe harbor” from meter data penalties. The CAISO urges the Commission to exercise caution in crediting these factors in granting TEP’s request.

First, the CAISO does not agree section 6.1.5 of the metering BPM is inconsistent with tariff section 29.11(c)(2)(B). That BPM provision includes a formula specifying how WEIM entities should report meter data for a WEIM load aggregation point. That formula includes multiple variables (including one for the system loss factor), with each variable to be calculated based on the rules specified elsewhere in the tariff and BPM.⁸ In the case of the system loss factor, tariff section 29.11(c)(2)(B) provides that WEIM entities, such as TEP, electing not to settle unaccounted for energy through the CAISO shall report a loss factor of zero percent. The BPM formula provides guidance that a WEIM entity should use the applicable loss factor as part of calculating meter data for its load aggregation point. The tariff defines the loss factor value applicable in TEP’s scenario. The CAISO sees no sense in which the tariff and BPM conflict.

Second, in granting TEP’s request, the CAISO requests the Commission clarify that tariff section 29.2(b)(7)(F)(i) *does not* provide CAISO market participants a safe harbor for meter data inaccuracies that may have been foreseeable based on documentation submitted to meet the readiness criteria. That tariff section requires the CAISO and a prospective WEIM entity verify settlements statements and invoices created during market simulation and

⁸ The specific formula is $ELAP_LOAD = [Total\ Net\ Internal\ Generation - (Total\ Physical\ Intertie\ Meter\ Export - Total\ Physical\ Intertie\ Meter\ Import) - Total\ Non-Conforming\ Load] * (1 - System\ Loss\ Factor)$.

parallel operations “match the operational data published to stakeholders or fed into the settlement system and the resulting calculations correspond to the formulas defined in the CAISO Tariff and applicable Business Practice Manuals” The CAISO certification under this tariff section is a verification that the settlement calculations correctly reflect the data fed into the settlements process. This case, however, is about whether the data TEP provided to feed into the settlements process itself was correct.

II. Communications

Under Rule 203(b)(3) of the Commission’s Rules of Practice and Procedure, the CAISO respectfully requests that service of all pleadings, documents, and all communications regarding this proceeding be addressed to:

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III. Conclusion

Consistent with the position it has taken in several recent similar proceedings, the CAISO supports TEP’s request to excuse the meter data

sanctions at issue in its November 14 complaint. That support is subject to the conditions noted above.

/s/ David S. Zlotlow

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Dated: December 4, 2023

CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned 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 4th day of December, 2023.

/s/ Ariana Rebancos

Ariana Rebancos
An employee of the California ISO