

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER20-732-000

Issued: February 28, 2020

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

Reference: Deficiency Letter

On January 2, 2020, California Independent System Operator Corporation (CAISO) filed tariff revisions to implement three sets of deliverability enhancements for interconnection customers. First, CAISO proposes a new option for interconnection customers to request Off-Peak Deliverability Status. Second, CAISO proposes a new curtailment priority based on the type of deliverability option an interconnecting generator elects. Specifically, CAISO would permit only generators electing Off-Peak Deliverability Status and financing certain network upgrades to self-schedule, which CAISO stated would give those generators curtailment priority. Third, CAISO proposes to implement a one-time process to allocate available on-peak deliverability capacity to interconnection customers.

Please be advised that the filing is deficient and that additional information is necessary to process the filing. Please provide the information requested below:

1. Proposed tariff section 30.5.6.1 (Off-Peak Deliverability Status for Non-Generator Resource Bids) states that self-schedules for non-generator resources can be submitted only when the non-generator resource has Off-Peak Deliverability Status. CAISO further states that CAISO will only allow generators with Off-Peak Deliverability Status to self-schedule in CAISO's markets.¹

¹ CAISO Transmittal at 5.

- a. Please explain how CAISO's proposal in the instant submittal would affect the ability to self-schedule and associated curtailment priority for resources whose owners/operators are not interconnection customers and do not have the opportunity to elect a deliverability status under the Generation Interconnection Deliverability Allocation Procedures.
 - b. Please compare the self-scheduling opportunities available to and curtailment priority for all categories of supply and demand in CAISO's current markets (including imports/exports, non-generator-specific supply, and non-resource adequacy resources) to the opportunities that would be available under CAISO's proposed framework.
 - c. Please also describe the effects of CAISO's proposal on future market participants that are not interconnection customers, such as external resources selling into CAISO, new resources connected through wholesale distribution access tariffs, or possibly new loads, and have not yet joined CAISO's markets.
2. Pursuant to CAISO's proposal, a Location Constrained Resource Interconnection Generator (LCRIG) whose fuel source occurs substantially off-peak will receive Off-Peak Delivery Status based on the off-peak deliverability assessment, regardless of their on-peak deliverability status.² Please explain whether a LCRIG could forgo on-peak deliverability status, obtain Off-Peak Deliverability Status, and have curtailment priority over a similarly situated LCRIG that only financed on-peak upgrades (e.g., Full or Partial Capacity Deliverability) and, therefore, would not have Off-Peak Deliverability Status.
 3. CAISO states that in its current market, self-scheduled resources have curtailment priority over economic bids. CAISO also states that generators facing frequent transmission constraints are incentivized to self-schedule in order to avoid the curtailment that would result had they bid economically against a self-scheduled resource behind the same constraint.³

Considering that generators may or may not have financed the network upgrades related to the specific interval(s) in which a constraint appears, and considering that generators with deliverability status may already receive

² CAISO Tariff, Proposed § 6.3.2.2.

³ CAISO Transmittal at 39.

additional revenue opportunities independent of their output or curtailment in the energy market, please explain why CAISO believes it is necessary to offer curtailment priority as an incentive to induce developers to finance any off-peak upgrades that may be identified in the deliverability assessment.

4. In its transmittal letter and in the proposed tariff language pertaining to the off-peak deliverability assessment, CAISO uses the term “excessive curtailment.”⁴ Please explain what standards or parameters CAISO will use to determine whether curtailments without the identified network upgrades would be considered “excessive.” In addition, what consideration, if any, will CAISO give to the cost of the network upgrades relative to the value of the avoided curtailments and how will CAISO convey this information to its stakeholders?
5. CAISO states that its one-time deliverability allocation proposal (section III.D) is dependent on the Commission’s acceptance of the off-peak deliverability proposal described in section III.A of its transmittal letter (Off-Peak Deliverability Status).⁵ Please explain whether the proposals described in sections III.B (Curtailment Priorities) and III.C (Transition to Off-Peak Deliverability Status) are severable from each other and/or other proposals in the filing or whether the entirety of CAISO’s filing should be considered as one package. To the extent that one or more parts of CAISO’s proposal are severable, please indicate the relevant tariff provisions.

This letter is issued pursuant to delegated authority, 18 C.F.R. § 375.307 (a) (1)(v) and is interlocutory. This letter is not subject to rehearing pursuant to 18 C.F.R. § 385.713. CAISO must respond to this letter within 30 days of the date of this letter by making an amendment filing in accordance with the Commission’s electronic tariff requirements.⁶

⁴ CAISO Tariff, Appendix A, proposed definition of “Area Off-Peak Constraints,” “Local Off-Peak Constraints,” “Off-Peak Deliverability Assessment,” “Off-Peak Deliverability Constraints,” “Off-Peak Deliverability Status,” and “Off-Peak Network Upgrades”; Appendix EE, proposed definition of “Area Off-Peak Constraints,” “Local-Off Peak Constraints,” and “Off-Peak Deliverability Constraints.”

⁵ CAISO Transmittal at 35 n.96.

⁶ *Electronic Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (an amendment filing must include at least one tariff record even though a tariff revision might not

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The filing requested in this letter will constitute an amendment to the filing, and a new filing date will be established, pursuant to *Duke Power Company*, 57 FERC ¶ 61,215 (1991), upon receipt of CAISO's electronic tariff filing. A notice of amendment will be issued upon receipt of the response.

Failure to respond to this deficiency letter within the time period specified, and in the manner directed above, may result in an order rejecting the filing. Until receipt of the amendment filing, a new filing date will not be assigned to this case.

Issued by: Steven T. Wellner, Director, Division of Electric Power Regulation – West

otherwise be needed). The response must be filed using Type of Filing Code 180 – Deficiency Filing. If there are no changes to tariff records, CAISO can attach a single tariff record with no changes.

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