

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

El Dorado Irrigation District)	
)	
v.)	Docket No. EL23-82-000
)	
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 the El Dorado Irrigation District (El Dorado) on July 12, 2023.¹ The complaint appeals \$14,000 in penalties the CAISO assessed against Pioneer Community Energy (Pioneer) acting in its role as scheduling coordinator for the El Dorado Powerhouse (the Powerhouse), a hydropower facility on the South Fork of the American River in El Dorado County, California. El Dorado owns and operates the Powerhouse. The CAISO assessed the penalties for two failures by El Dorado to maintain functioning telemetry for the Powerhouse, as required by the CAISO tariff.²

I. Answer

El Dorado’s complaint argues “facts and circumstances surrounding the disputed sanctions show that the sanctions are unwarranted and should be

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. The CAISO notes that El Dorado failed to serve its complaint on the CAISO as required under Rule 206(c) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.206(c). Despite this failure and the Commission setting a shortened reply period of 12 days in its July 13, 2013, Combined Notice of Filings, the CAISO is providing this timely answer.

² CAISO tariff section 7.6.1(d).

rescinded.”³ The CAISO followed the procedures outlined in its tariff and business practice manuals when it assessed penalties against Pioneer in its role as El Dorado’s scheduling coordinator. Nevertheless, the CAISO agrees that in the narrow circumstances of this specific matter, the Commission reasonably could order the penalties be set aside, and the CAISO would not object to such an order.

The first factor El Dorado cites is that Powerhouse was on outage during the relevant period. In El Dorado’s view, because no generation could have been scheduled from the unit, two temporary losses in telemetry would not have affected CAISO grid operations. The CAISO’s telemetry requirements, however, have no exception for generators on outage. This is for at least two reasons. First, the CAISO’s tariff and outage management system treat both full outages and derates as “outages.”⁴ If a 100 MW unit reports a derate of 30 MW, the CAISO tariff and systems view that as a 30 MW outage. If that same unit is fully unavailable, then it would be viewed as a 100 MW outage. This is relevant because if that 100 MW unit reports a 30 MW outage, then the CAISO would still need visibility, in the form of functioning telemetry, over output from the 70 MW of available capacity. Second, even when units report their entire capacity as being on outage, it does not necessarily mean that the resource will inject zero MWs on the grid. For example, at the end of maintenance work a resource on outage may generate some amount of electricity as part of testing before fully returning

³ Complaint at ¶ 49.

⁴ Appendix A of the CAISO tariff defines the term “Outage” as: “Disconnection, separation or reduction in capacity, planned or forced, of one or more elements of an electric system.”

to service. In those cases, the CAISO would need telemetry over the unit to understand what its output is and how that output may affect the broader grid. Regardless, the CAISO's systems need ongoing telemetry of units on full outage so the CAISO systems continue to recognize that a unit is out of service.

The second factor El Dorado cites is that it “did not receive timely notice from [CA]ISO of the telemetry failure” because the CAISO “was utilizing outdated contact information”⁵ Specifically, El Dorado asserts the CAISO sent the notices to an individual who retired from El Dorado in 2022. The CAISO uses a system called the Access and Identity Management (AIM) system for requesting, obtaining, updating, and maintaining user access to CAISO applications.⁶ It is the responsibility of each market participant to manage their own designated contacts through AIM.⁷ The CAISO has confirmed it sent the initial notices to the contacts designated in AIM. Further, the CAISO has found no evidence of failures in AIM when El Dorado or Pioneer may have attempted to update the designated contacts.

The third factor El Dorado cites is that it restored telemetry for the Powerhouse within the five-day period outlined in section 8.4 of the Business Practice Manual (BPM) for Direct Telemetry because “loss of communication on any portion of the communication line *under the District’s control* never exceeded

⁵ Complaint at ¶ 51.

⁶ The CAISO’s Access and Identity Management (AIM) User Guide is available at: http://www.caiso.com/documents/accessandidentitymanagement_aim_userguide.pdf.

⁷ AIM User Guide, at 8 (“It is the responsibility of each entity’s [user access administrator] to coordinate and validate the user’s identity and access requirements”).

five consecutive days.”⁸ El Dorado suggests any communication interruption “would have occurred downstream of AT&T and the District’s control.”⁹ AT&T provides the CAISO’s telecommunications backbone and feeds data directly to the CAISO’s systems. Thus, any error downstream of AT&T’s system necessarily would involve an error in the CAISO’s system. The CAISO has no record of such errors in its systems for the days in question. Further, any such error would not have been limited to El Dorado’s Powerhouse. A failure on the CAISO’s side likely would have involved telemetry failures for other resources, but the CAISO has identified no such widespread systems failure on those days.

The fourth factor El Dorado cites are severe winter storms that occurred in January 2023, which created communications disruptions and made it more challenging to remediate those disruptions. The CAISO is well aware of the challenging weather conditions this past winter. El Dorado or Pioneer could have raised those concerns at the time and requested a telemetry exemption. Neither El Dorado nor Pioneer requested such an exemption.

The fifth factor El Dorado cites is that, assuming any penalties are warranted, the CAISO miscalculated the \$14,000 in penalties. In El Dorado’s view, at most it had seven days of non-compliance which would result in \$7,000 of penalties, rather than the \$14,000 the CAISO calculated. The basis of this claim is unclear to the CAISO. The CAISO believes it calculated the penalty

⁸ Complaint at ¶ 52 (emphasis added). El Dorado’s complaint does not identify this issue as a separate factor in the numbering provided in the complaint but the CAISO views it as a distinct consideration.

⁹ *Id.*

correctly and El Dorado's complaint has not explained the alleged error with specificity.

These issues notwithstanding, CAISO believes in these limited circumstances the combination of factors presents a reasonable basis for the Commission to excuse these penalties. Although all telemetry failures are problematic, given the Powerhouse was on a full outage during the relevant period, their violation is relatively less problematic than most other violations. It also appears that El Dorado believed it had updated its contact information. Similarly, it appears that El Dorado in good faith believed communications were restored within the allowed five-day period. Finally, given the extreme weather events, if El Dorado or Pioneer had requested a telemetry exemption at the time, the CAISO likely would have granted the request.

Although the CAISO does not object to the Commission providing the requested relief, the CAISO reiterates the importance of the telemetry requirements in tariff section 7.6.1(d) and the need for market participants to remediate telemetry issues quickly and maintain an open dialogue with CAISO staff in addressing inevitable telemetry problems. The CAISO added the current provisions in section 8.4.2 of the BPM for Direct Telemetry in 2019 to address resources' persistent failure to correct telemetry failures.¹⁰ By creating a defined process for managing these issues backed by escalation to the rules of conduct penalty process, the CAISO has seen reduced rates of non-compliance with a

¹⁰ The provisions were added in Proposed Revision Request 1151, details of which are available at: <https://bpmcm.caiso.com/Pages/ViewPRR.aspx?PRRID=1151&IsDlg=0>.

corresponding reduction in operational risks. If the Commission approves this specific request for relief, it is vitally important to the CAISO that the Commission not inadvertently signal to CAISO market participants that the CAISO's concerns are invalid or that maintaining telemetry is unimportant. However, the CAISO agrees this unique confluence of events is unlikely to recur and, therefore the CAISO does not have significant concern if the Commission grants the request based on those specific events.

II. Communications

In accordance with 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

The CAISO properly enforced the procedures outlined in its tariff and business practice manuals in assessing penalties against Pioneer Clean Energy acting in its role as El Dorado's scheduling coordinator. That consideration notwithstanding, the CASO finds that in these unique circumstances the

Commission reasonably could excuse the penalties for Powerhouse's telemetry issues.

/s/ David S. Zlotlow

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Dated: July 24, 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 24th day of July, 2023.

/s/ Ariana Rebanco

Ariana Rebanco
An employee of the California ISO