

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

California Independent System Operator Corporation)	Docket No. ER14-480-____
)	
California Independent System Operator Corporation)	Docket No. ER14-495-____
)	
		(Not Consolidated)

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO MODIFY REQUESTS FOR COMMISSION ORDER AND
EFFECTIVE DATE OF TARIFF REVISIONS AND
REQUEST FOR SHORTENED RESPONSE PERIOD**

The California Independent System Operator Corporation (“ISO”)¹ respectfully submits this motion to modify two related requests made in the ISO’s tariff filings in these proceedings: (1) that the Commission accept the tariff revisions effective May 1, 2014, instead of the April 1, 2014 effective date originally requested; and (2) that the Commission issue an order accepting the tariff revisions submitted in the proceedings by March 20, 2014, which is necessary to meet the May 1 implementation.² Good cause exists for the Commission to grant these requests because they are necessary to accommodate recent changes to the schedule for implementing the tariff revisions as part of the ISO’s spring 2014 release of market enhancements, which was originally scheduled for April 1 but cannot now be implemented until May 1.

¹ Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the ISO tariff.

² The ISO files this motion pursuant to Rules 212 and 2008(a) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.2008(a).

Any answer to this motion should be due within five days after this motion is filed. If the Commission determines that this motion seeking to modify the effective date triggers a new comment period on the pending tariff revisions, the ISO requests a shortened comment period, such that comments are due by March 17, to permit the Commission to issue an order by March 20.

I. Background

A. The ISO's Filings in These Proceedings

On November 26, 2013, the ISO filed tariff revisions in Docket No. ER14-480 to implement certain real-time market design enhancements related to Commission Order No. 764 ("November 26 tariff filing").³ The centerpiece of the real-time market design enhancements is a new fifteen-minute market in which financially binding 15-minute prices for energy and ancillary services will apply to all internal transactions and to all transactions of market participants that choose to schedule on the interties on a 15-minute basis. On November 27, 2013, the ISO filed tariff revisions in Docket No. ER14-495 to comply with Order No. 764 ("November 27 compliance filing").

The ISO requested that the Commission issue an order by February 13, 2014 accepting both sets of tariff revisions effective April 1, 2014 to allow the ISO to make the system changes required to implement the tariff revisions on April 1. The ISO explained that it had filed related tariff revisions in Docket No. ER13-

³ *Integration of Variable Energy Resources*, Order No. 764, FERC Stats. & Regs. ¶ 31,331, *order on reh'g and clarification*, Order No. 764-A, 141 ¶ 61,232 ("Order No. 764-A") (2012), *order on clarification and reh'g*, Order No. 764-B, 144 FERC ¶ 61,222 (2013) (collectively, "Order No. 764").

2452 to implement phase 1 of the ISO's renewable integration market and market review enhancements ("RIMPR-1") also with a requested April 1 effective date.⁴ The ISO's ability to implement some of the RIMPR-1 tariff revisions is dependent on the Commission's acceptance of the November 26 tariff filing and November 27 compliance filing. All of these tariff changes are part of the ISO's spring 2014 release of market enhancements originally scheduled to be implemented on April 1.⁵

B. Recent Changes to the Schedule for Implementing the Spring 2014 Release of Market Enhancements

The ISO has recently found that changes are required in the schedule for implementing the spring 2014 release of market enhancements. In particular, prior to implementing the new market enhancements, the ISO must complete the testing, staging, and production of the market optimization software required to implement the real-time market design enhancements set forth in the November 26 tariff filing and the November 27 compliance filing. Specifically, the ISO needs one week to evaluate the impact of the Commission's order and two weeks prior to starting the code promotion to its stage environment to orchestrate

⁴ Transmittal letter for November 26 tariff filing at 1, 5-6, 48-49, 51; transmittal letter for November 27 compliance filing at 1-2, 9-10, 12. The ISO filed the RIMPR-1 tariff revisions to lower the energy bid floor, modify the bid cost recovery settlement rules to pay bid cost recovery separately for the day-ahead and real-time markets, modify the uplift payment process, and eliminate potential incentives for adverse market behavior.

⁵ On December 19, 2013, the Commission issued an order accepting the RIMPR-1 tariff revisions effective April 1 as requested by the ISO, subject to the ISO submitting a filing within 30 days to comply with several directives in the December 19 order. *California Independent System Operator Corp.*, 145 FERC ¶ 61,254 (2013). The ISO submitted the required compliance filing on January 22, 2014, with a requested effective date of April 1. Commission action on the compliance filing is pending. The ISO is submitting a separate motion to modify the effective date of the tariff revisions submitted in those filings from April 1 to May 1, 2014.

the promotion and communicate its plans to market participants so that they too can prepare for the transition. The software must be promoted to the stage environment approximately three weeks prior to the effective date in order to perform the final load and performance testing. The ISO's testing phase will evaluate the completeness and quality of the delivered software solution. The testing will include functional testing of software to determine if the software product meets the business and system requirements identified by the ISO during the requirements and design phases, as well as how the software performs with the integration of downstream applications, including the ISO's settlement system. This level of testing is standard practice when deploying new software code or changes in any software code. The ISO believes that financial risks to market participants and the potential for issues with overall market solution quality caused by insufficient testing of the software are not acceptable outcomes from a software deployment perspective. The actual promotion of the code into the production environment must start approximately one week prior to the effective date in order to preserve the integrity of the deployment.

The ISO has two major releases per year for new market functionality. This allows the ISO to manage numerous changes to its processes and software in a streamlined and controlled manner. By scheduling two predictable and staged releases, the ISO can support a larger volume of enhancements while minimizing both technical and financial impacts to the ISO and its market participants. The ISO implements its annual spring release on the first day of the applicable spring month. Because the April 1 implementation date for the spring

2014 release is no longer feasible, the ISO has rescheduled it for May 1. The successful deployment of the spring 2014 release on May 1 will also ensure the timely implementation of the ISO's new energy imbalance market. This will allow balancing authorities throughout the west to voluntarily participate in the real-time imbalance energy market operated by the ISO, scheduled to become operational on October 1, 2014. The energy imbalance market design and software implementation plan will build on the real-time market design enhancements proposed in the November 26 tariff filing and November 27 compliance filing.⁶

Implementation of the spring 2014 release on May 1 requires a Commission order accepting those filings at least six weeks prior to the implementation date, *i.e.*, by March 20. This will also provide the ISO and market participants sufficient time to evaluate any changes that must be made in light of the Commission's order. If the Commission does not issue an order accepting the November 26 tariff filing and November 27 compliance filing by March 20, the ISO will not have sufficient time to take the appropriate steps, in accordance with good utility practice, to implement the new fifteen-minute market and related market design enhancements by May 1.

II. Motion for Commission Order by March 20, 2014 Accepting Tariff Revisions

Good cause exists for the Commission to grant the ISO's request for an order accepting the tariff revisions submitted in the November 26 tariff filing and November 27 compliance filing by March 20, 2014. As explained above, an

⁶ On February 28, 2014, the ISO filed tariff revisions in Docket No. ER14-1386 to implement the new energy imbalance market effective October 1, 2014.

order accepting the tariff revisions is needed at least six weeks before their effective date to provide sufficient time for the ISO to implement the tariff revisions. In light of the schedule changes for the spring 2014 release, the tariff revisions cannot go into effect until May 1. Thus, an order accepting the tariff revisions is required by March 20, six weeks prior to implementation.

III. Motion for May 1, 2014 Effective Date for Tariff Revisions

Good cause also exists for the Commission to grant the ISO's request that the Commission accept the tariff revisions submitted in the November 26 tariff filing and November 27 compliance filing effective May 1, 2014. Due to necessary changes in the implementation schedule for the spring 2014 release, as discussed above, the tariff revisions cannot be implemented until May 1. Therefore, the Commission should grant the ISO's request to modify the effective date of the tariff revisions.

The ISO does not propose any changes to the substantive tariff revisions themselves, but seeks only a one-month extension of their effective date, from April 1 to May 1. Intervenors have already been given a sufficient opportunity to comment on the substance of the tariff revisions. While intervenors raised certain concerns in the pending proceedings, no party objected to the implementation of the fifteen-minute market, which will provide significant improvements to energy markets in the west. Addressing the concerns raised should not delay its implementation,.

Any answer to this motion should be due within five days after this motion is filed.⁷ If the Commission determines that the filing of this motion triggers a new comment period, the Commission should shorten that period so that comments are due by March 17, to permit the issuance of an order by March 20. Any new comments should be limited to the merits of the requested one-month extension of the effective date.

After the Commission grants this motion, the ISO will make any necessary changes on compliance to the eTariff records for the tariff revisions to reflect their new May 1 effective date.

IV. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to issue an order by March 20, 2014 accepting the tariff revisions submitted in these proceedings effective May 1, 2014.

⁷ See 18 C.F.R. §§ 385.213(d)(1)(i).

Respectfully submitted,

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Dated: March 10, 2014

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each party listed on the official service lists for these proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010 (2013)).

Dated at Washington, DC on this 10th day of March, 2014.

/s/ Sean Atkins
Sean Atkins