



November 23, 2022

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket No. ER23-____-000**

**Notice of Termination of Scheduling Coordinator Agreement
with Bia Capital Management LLC and Request for Waiver of
Notice Requirement**

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO) files for Commission acceptance what the CAISO fully anticipates to be an uncontested notice of termination of the Scheduling Coordinator Agreement (SCA)¹ between the CAISO and Bia Capital Management LLC (Bia).² The CAISO respectfully requests waiver of the Commission's notice requirement to make this notice of termination effective as of September 22, 2022.

I. Background and Reasons for Termination

Pursuant to the SCA, Bia agreed to become a scheduling coordinator and to comply with all applicable CAISO rules, protocols, and instructions.³ Bia and the CAISO executed the SCA in 2018. The CAISO has subsequently included the SCA in its Electric Quarterly Report (EQR) submittals to the Commission.⁴

¹ The SCA is designated as Service Agreement No.4908 under the CAISO Tariff.

² The CAISO submits this filing pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Section 35.15 of the Commission's regulations, 18 C.F.R. § 35.15. Capitalized terms not otherwise defined in this filing have the meanings set forth in the CAISO Tariff.

³ See CAISO Tariff Appendix A, definition of Scheduling Coordinator Agreement.

⁴ The SCA has only been included in the CAISO's EQR submittals. It did not need to be filed with the Commission because it conforms with the *pro forma* Scheduling Coordinator Agreement contained in Appendix B.1 to the CAISO Tariff.

The CAISO Tariff states that if a market participant's Estimated Aggregate Liability, as calculated by the CAISO, at any time exceeds its Aggregate Credit Limit, the CAISO will direct the market participant to post an additional Financial Security Amount within two business days that is sufficient to ensure that the market participant's Aggregate Credit Limit is at least equal to its Estimated Aggregate Liability.⁵ The CAISO emailed requests to Bia to post such an additional Financial Security Amount on September 7 and September 8, 2022, but did not receive a response.

In response, on or about September 12, 2022, Bia informed CAISO that it would not post additional security or pay additional invoices, and would cease participating in the CAISO markets. Consequently, on September 14, 2022, the CAISO sent a notice to Bia (September 14, 2022 Notice)⁶ stating that the CAISO planned to execute its rights to terminate the SCA pursuant to its authority under Section 3.2 of the SCA⁷ and Sections 4.5.4.4(a)(ii)⁸ and 12.5.1(d)⁹ of the CAISO Tariff. The September 14, 2022 Notice provided a final opportunity for Bia to cure its default by posting the additional Financial Security Amount by September 21, 2022. Bia did not make the required posting by September 21, 2022, and has not done so to date. Thus, Bia has failed to meet its obligation under the CAISO Tariff either to (i) demonstrate to the CAISO's satisfaction that the CAISO's Financial Security request was entirely or partially unnecessary, or (ii) post the required SCA Financial Security Amount calculated by the CAISO.¹⁰

Bia has withdrawn from and not participated in the CAISO markets since September 12, 2022 or about that date.

⁵ CAISO Tariff Section 12.4.

⁶ The September 14, 2022 Notice is provided in Attachment A to this filing.

⁷ Section 3.2 states that the SCA "may be terminated in accordance with the provisions of Section 4.5.4.4 and 4.5.4.5 of the CAISO Tariff; provided, however, that any outstanding financial right or obligation or any other right or obligation under the CAISO Tariff of the Scheduling Coordinator that may have arisen under this Agreement, and any provision of this Agreement necessary to give effect to such right or obligation, shall survive such termination until satisfied. The CAISO shall timely file any notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC rules regarding termination."

⁸ Section 4.5.4.4(a)(ii) states that "[a] Scheduling Coordinator's Scheduling Coordinator Agreement may be terminated by the CAISO on written notice to the Scheduling Coordinator . . . (ii) if the Scheduling Coordinator fails to pay any sum under the CAISO Tariff and fails to remedy the default within a period of five (5) Business Days after the CAISO has given written notice of the default." Bia did not satisfy the requirements of Section 4.5.4.4(b) that would allow it to terminate the SCA itself.

⁹ Section 12.5.1(d) states in relevant part that "[t]he CAISO may restrict, suspend, or terminate the Market Participant's . . . service agreement" if the market participant's "Estimated Aggregate Liability, as calculated by the CAISO, at any time exceeds its Aggregate Credit Limit."

¹⁰ CAISO Tariff Section 12.4.1.

The CAISO submits this notice of termination pursuant to the provisions discussed above and Section 4.5.4.5.1 of the CAISO Tariff, which states that “[a]ny notice of termination given pursuant to Section 4.5.4.4 shall also be filed by the CAISO with FERC, if required by FERC rules, if the non-compliance is not remedied within the period specified in Section 4.5.4.4, and it shall be effective in accordance with FERC rules.”¹¹ Because Bia made clear its intention not to contest termination of the SCA, the CAISO does not anticipate any objection from Bia being filed in this proceeding. On November 22, 2022, the CAISO issued a market notice announcing that it was terminating Bia as a scheduling coordinator.¹²

II. Effective Date and Request for Waiver

The CAISO respectfully requests that the Commission accept this notice of termination effective as of September 22, 2022, *i.e.*, the termination date specified in the September 14, 2022 Notice. To permit this effective date, the CAISO requests that the Commission waive the 60-day prior notice requirement set forth in 18 C.F.R. Section 35.15(a).

Granting this request for waiver is consistent with the Commission’s policy that it will “generally grant waiver of the 60-day prior notice requirement” for “uncontested filings that do not change rates,” including notices of cancellation or termination.¹³ The Commission has accepted other notices of cancellation or termination effective prior to the dates the notices were filed.¹⁴ For these reasons, good cause exists to grant the requested waiver with regard to this notice of termination.

¹¹ See also *Revised Public Utility Filing Requirements*, Order No. 2001, 99 FERC ¶ 61,107, at P 215 (2002) (stating that “[a]ll proposals to change terms of an agreement without the consent of the customer must be filed with the Commission”); *Pac. Gas & Elec. Co.*, Commission letter order, Docket No. ER21-1467-000 (May 13, 2021) (accepting notice of termination of service agreement included solely in EQR due to uncured default by customer, where customer did not formally consent to the termination).

¹² The market notice is available at <http://www.caiso.com/Documents/notice-of-market-participant-termination-11222022.html>.

¹³ *Cent. Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, at 61,338, *reh’g denied*, 61 FERC ¶ 61,089 (1992).

¹⁴ See, e.g., *Basin Elec. Power Coop.*, Commission letter order, Docket No. ER22-2854-000 (Nov. 7, 2022); *S. Cal. Edison Co.*, Commission letter order, Docket No. ER18-1154-000 (May 3, 2018); *PJM Interconnection, L.L.C.*, 111 FERC ¶ 61,163, at PP 1-2, 19, and Ordering Paragraph (B) (2005).

III. Communications

Communications and correspondence regarding this filing should be addressed to the following individuals:

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IV. Service and Posting

The CAISO has served this filing on Bia and has posted it on the CAISO website.

V. Conclusion

For the reasons stated above, the CAISO requests that the Commission accept this notice of termination of the SCA with Bia effective September 22, 2022.

Respectfully submitted,

/s/ Sidney Mannheim

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*Attorneys for the California Independent
System Operator Corporation*

ATTACHMENT A



September 14, 2022

Greg Moeller
Managing Member
Bia Capital Management LLC
Western, MA 02493

Subject: Notice of Default and Notice of Terminations

Dear Mr. Moeller:

This letter is to provide you notice of 1) a default by Bia Capital Management LLC because it has failed to respond to CAISO's requests to post additional financial security, and 2) the CAISO's plans to terminate its Scheduling Coordinator Agreement and its Convergence Bidding Entity Agreement with Bia Capital Management, both dated December 12, 2018.

Section 12.4.1 of the CAISO tariff requires a market participant to post financial security within two business days after the CAISO's request. The CAISO emailed requests for additional financial security on September 7, 2022, and again in September 8, 2022, in both cases with the explanation that the additional posting is necessary to ensure that Bia Capital Management remains in compliance with tariff requirements. Bia Capital Management has failed to respond to either request and, as a result, its "Estimated Aggregate Liability" exceeds its "Aggregate Credit Limit" as those terms are used in the tariff in violation of the tariff.

Accordingly, the CAISO plans to exercise its rights to terminate the Scheduling Coordinator Agreement pursuant to its authority under section 3.2 of that agreement and sections 4.5.4.4(a)(2) and 12.5.1(d) of the CAISO tariff, and the Convergence Bidding Entity Agreement pursuant to its authority under section 3.2.1 of that agreement and section 12.5.1(d) of the tariff. These terminations will be effective September 22, 2022, unless Bia Capital Management cures its default by posting the additional collateral requested within five business days – that is, by the close of business September 21, 2022.

Do not hesitate to contact Christina Billing at 916-351-2204 or cbilling@caiso.com with any questions.

Sincerely,

DocuSigned by:
Ryan Seghesio
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Ryan Seghesio
Vice President, Chief Financial Officer & Treasurer

Cc: Christina Billing
Taylor Lee
Dan Shonkwiler