



**Business Practice Manual Change Management Notice of Appeal
and Opening Brief Template**

Submitted by	Organization	Date Submitted
Todd Ryan (todd.ryan2@pge.com) Wini Chen (wini.chen@pge.com)	Pacific Gas and Electric Company	April 16, 2019

Please use this template to provide your Notice of Appeal and Opening Brief on the ISO’s decision regarding your proposed revision request or comments on any proposed revision request.

Submit Notice of Appeal and Opening Brief to bpm_cm@caiso.com.

Your Notice of Appeal and Opening Brief are due within ten (10) Business Days of the ISO’s published decision on the Proposed Revision Request.

Previous Comments on PRR 1122 Inappropriate Reporting of Forced Outages

Pacific Gas and Electric Company (PG&E) submitted comments regarding Proposed Revision Request (PRR) 1122 on February 12, 2019 and March 19, 2019. PG&E’s comments included a lengthy discussion of key principles, specific examples of the impact of PRR 1122 on outages, and suggestions for improving the PRR verbiage. PG&E’s comments are attached to this appeal as Appendix A and are incorporated by reference into this appeal. In this notice of appeal, PG&E describes the basis for this appeal and respectfully requests that the California Independent System Operator (CAISO) revise PRR 1122 to address the issues discussed below.

PG&E appreciates the CAISO’s efforts to work through issues with stakeholders and PG&E urges the CAISO to defer implementation of this PRR until this stakeholders’ issues can be addressed through further dialog. PG&E looks forward to the opportunity for further dialog with the CAISO and other stakeholders.

Reason for Appeal

A. Background on PRR 1122

PRR 1122 was originally submitted by the CAISO on January 10, 2019.¹ After review, PG&E provided initial comments on February 12, 2019² and recommendation comments on March 19, 2019.³ The revised PRR 1122 became effective on April 8, 2019 with the below language:

If the CAISO initially approves a requested planned transmission or generation outage and the CAISO subsequently disapproves the outage or withholds final approval, it is generally not appropriate for the PTO or scheduling coordinator for the generator to resubmit the same (or substantially similar) outage as a forced outage. Resubmitting the outage could be viewed as submitting 'false or misleading information' in violation of 18 CFR 35.41(b) and/or taking an outage not authorized by the ISO in violation of section 9 of the CAISO tariff. The CAISO cannot identify prospectively all instances in which resubmission in the forced timeframe may be appropriate. Examples of instances where resubmission in the forced timeframe may be appropriate include where: the planned outage was submitted because the need for addressing an imminent maintenance issue was identified shortly before the planned timeframe elapsed; the physical circumstances surrounding the outage request changed between the planned and forced timeframes (e.g., equipment has failed in service or is now in danger of imminent failure); waiting until the next opportunity for a planned outage poses substantial operational risk to the transmission or generation equipment.

Additionally, it is generally not appropriate for a PTO or scheduling coordinator for a generator to submit a forced outage for planned, non-urgent maintenance as it interferes with the CAISO's ability to concurrently manage outages, could create reliability risks and interferes with the intended functioning of availability incentives (e.g., RAIM.)

Where the CAISO determines that a PTO or scheduling coordinator for a generator may have reported outages inappropriately, the CAISO and/or the Department of Market Monitoring may investigate and inform FERC of such conduct.⁴

¹ Details of PRR 1122 available at:

<https://bpmcm.caiso.com/Pages/ViewPRR.aspx?PRRID=1122&IsDlg=0>

² PG&E's Initial Comments on PRR 1122 available at:

<https://bpmcm.caiso.com/Lists/PRR%20Comments/Attachments/1667/PGE%20Comments%20appropriate%20Reporting%20of%20Forced%20Outages%20PRR%201122.pdf>

³ PG&E's Comments on the PRR 1122 Recommendation available at:

https://bpmcm.caiso.com/Lists/PRR%20Comments/Attachments/1696/190319%20Comments%20PG_EComments%20-%20PRR%201122.pdf

⁴ Section 4.5 of Outage Management BPM, version 17_redline_V1: Inappropriate Reporting of Forced Outages, available at:

In the first stakeholder meeting on this PRR, and in subsequent comments, PG&E and other stakeholders emphasized that PRR 1122 is essentially the same as PRR 1074 (to which PG&E previously appealed). Both PRRs were not supported by stakeholders and were finalized despite stakeholders' objections. PG&E has the following specific objections to PRR 1122:

- PRR 1122 is fundamentally flawed because transparent and accurate communication cannot be viewed as “false or misleading”
- PRR 1122 could adversely impact generation reliability by unnecessarily delaying maintenance
- PRR 1122 could negatively impact the resource adequacy market
- PRR 1122 is a policy change and therefore is mis-categorized and should be rejected until CAISO brings this issue to stakeholders in an appropriate forum
- Consequences affect customer rates and therefore should go through a stakeholder initiative
- The CAISO has yet to provide evidence that a problem indeed exists

B. PRR 1122 is fundamentally flawed because transparent and accurate communication cannot be viewed as “false or misleading”

PRR 1122 provides that the CAISO could view the resubmission of a planned outage as a forced outage as the “*submitting [of] 'false or misleading information' in violation of 18 CFR 35.41(b) and/or taking an outage not authorized by the ISO in violation of section 9 of the CAISO tariff.*”

PG&E agrees that knowingly submitting false or misleading information to the CAISO is in violation of the CAISO tariff. However, PG&E respectfully disagrees with the principle that transparent and accurate resubmission of a CAISO-cancelled planned outage is equivalent to submitting false or misleading information. The crux of the issue is a disagreement between the CAISO and the Operator/Scheduling Coordinator as to timing and whether or not a Planned Outage ought to be cancelled by CAISO. The CAISO may believe that a planned outage should be cancelled to reduce short-term operational risks, while the Operator/Scheduling Coordinator believes the planned outage is necessary to reduce long-term system and/or local reliability risk. Both are valid perspectives and ought to be resolved through continued discussion.

https://bpmcm.aiso.com/Lists/PRR%20Details/Attachments/1122/Outage%20Management%20BPM%20Version%202017_redline_V1.docx

C. PRR 1122 could adversely impact generation reliability by unnecessarily delaying maintenance

To provide reliable and affordable energy, PG&E plans and coordinates its outages with internal and external stakeholders many months or, in some cases, years in advance (e.g., Diablo Canyon). In PG&E's perspective, the current planned outage substitution obligation (POSO) process does not reflect the operational realities of outage coordination for suppliers and has effectively created an artificial barrier to readily transact RA products. For example, the CAISO's discretion to cancel or approve outages up to eight days prior to a planned outage results in significant uncertainty for suppliers and hinders a market participants' ability to prudently manage its portfolio.

At that point, PG&E has two options:

1. Defer the maintenance and weigh the near-term risks of an outage against the long-term risk of indefinitely deferring critical maintenance.
2. Resubmit the outage to CAISO to continue with the maintenance

While PRR 1122 does have language that permits the resubmission of a cancelled planned outage when "*an imminent maintenance issue was identified shortly before the planned timeframe elapsed*", it does not adequately address PG&E's concerns about deferring maintenance. There are many instances where rescheduling maintenance may not create an "imminent maintenance issue" but such a deferment is not prudent or good utility practice. Moreover, even if a Scheduling Coordinator (SC) is able to cancel a planned outage at the CAISO's direction and defer the associated maintenance, there is little to no certainty that the next planned outage will not be cancelled by CAISO.

D. PRR 1122 could negatively impact the resource adequacy market

Under PRR 1122, SCs are likely to adjust their portfolio management strategies to minimize their regulatory and operational risk. PG&E notes two potential options for SCs, among others.

Under one option, SCs can manage their portfolio with zero to near zero risk and **assume** that all planned outages, regardless of duration, will require a one-for-one megawatt substitution obligation so that they can proceed with necessary maintenance even if no substitution obligation materializes in the POSO timeframe. This strategy ensures that the needed maintenance will be completed as planned; that outages are not cancelled by CAISO, and therefore not resubmitted.

However, if all SCs employ such a strategy to manage their risk, it would have a negative effect on the RA market. SCs would procure or may not make available to the market RA capacity to cover substitution obligations that are caused by these rules. The CAISO's discretion to cancel or approve outages up to 8 days prior to a planned outage results in significant uncertainty for suppliers and create an artificial shortage and hinders a market participants' ability to prudently manage its portfolio.

Further, under another option, PRR1122 could create a perverse effect and may actually create an incentive for SCs to not provide for planned outages. It may result in SCs willing to accept a forced outage due to the lack of uncertainty from CAISO for submitting a planned outage to simply ensure maintenance can be taken without the risk of resubmittal of the outage to CAISO.

E. PRR 1122 is a policy change and therefore is mis-categorized and should be rejected until CAISO brings this issue to stakeholders in an appropriate forum

PRR 1122 is categorized by the CAISO as a category A, for “*clarifications of existing BPM language, grammatical errors and or revisions with minor significance.*” PRR 1122 adds a completely new section to the Outage Management BPM and therefore cannot be considered a “*clarification of existing BPM language.*” As described in the preceding paragraphs, this PRR has significant effects on participant behavior and market results and therefore cannot be considered “*revisions with minor significance.*”

The PRR is a Category C, “*revisions implementing significant new CAISO policies and/or requiring revisions to the CAISO Tariff.*” While the CAISO has stated that PRR 1122 does not represent a change in policy, PG&E disagrees. The facts remain that prior to this PRR, market participants were allowed to resubmit CAISO-cancelled planned outages in the forced timeframe. After the passage of PRR 1074, and subsequent 1122, there has been a substantive change in the ability of an SC or Operator to resubmit a CAISO-cancelled planned outage. As stated in the CAISO BPM Change Management BPM, Category C PRRs “*may fall outside the scope of a proposed change to a BPM and may require alternative treatment.*”⁵

PG&E believes that the significant impacts of implementing PRR 1122 warrants alternative treatment and CAISO should bring this issue to stakeholders through a venue outside of the BPM PRR process.

F. Consequences affect customer rates and therefore should go through a stakeholder initiative

This PRR is not a simple correction of typos or clarification of the tariff. Despite the CAISO already having the authority to report inappropriate behavior to FERC, this PRR goes beyond the tariff and specifies generally when behavior is appropriate or inappropriate. In response to these changes, as noted above, SCs could change their behavior causing RA prices to potentially increase, and correspondingly increasing customer rates. Because this PRR could affect customer rates, it should go through a

⁵ Language quoted in this section was taken from CAISO’s BPM Change Management BPM Version 1 can be found here:

<https://bpmcm.caiso.com/BPM%20Document%20Library/Business%20Practice%20Manual%20for%20BPM%20Change%20Management/BPM%20Change%20Management%20BPM%20Version%201.doc>

stakeholder process and possibly result in tariff changes being filed at FERC. The CAISO has yet to provide evidence that a problem indeed exists

G. The CAISO has yet to provide any evidence that a problem exists.

In response to stakeholder comments, the CAISO explicitly stated that this is not an issue of gaming:

This PRR is not meant to address market manipulation or gaming, which is the context of the tariff language NCPA cites. This PRR is driven by operational concerns rather than market concerns.⁶

If there are operational concerns, then the CAISO should quantify these concerns and provide them to stakeholders. To date, no such evidence has been presented.

⁶ PRR 1122 recommendation comment matrix, available at:
<https://bpmcm.aiso.com/Lists/PRR%20Details/Attachments/1122/PRR%201122%20recommendation%20comment%20matrix.xlsx>

Appendix A

PG&E's Comments on PRR 1122



PRR 1122: Inappropriate Reporting of Forced Outages

Submitted by	Company	Date Submitted
Todd Ryan / Wini Chen 415.973.7002 tmrt@pge.com	Pacific Gas and Electric Company	February 12, 2019

While PG&E appreciates the CAISO’s efforts to revert PRR 1074 (*via* PRR 1121), PRR 1122 does not appear to be materially different than PRR 1074. The issues raised by PG&E, and other stakeholders, have not been adequately addressed.

PG&E requests CAISO improve PRR 1122 to be more aligned with the Tariff; more precisely focused on behavior that ought to be discouraged. Additionally, the CAISO should improve the outage management process to reduce situations where Scheduling Coordinators or Operators must resubmit outages as Forced in order to complete critical maintenance.

PG&E appreciates that CAISO has been responsive to feedback

PG&E appreciates the CAISO’s issuance of the *Transmission Induced Generation Outages* white paper. The resulting tariff changes clarified this issue and will improve the long-term reliability of the transmission system by reducing the uncertainty of transmission outages.

PG&E does not see any material difference between PRR 1074 and PRR 1122 and requests CAISO improve PRR 1122 to be more in line with the Tariff; more precisely focused on the “gaming” behavior that ought to be discouraged.

While the wording and the placement may have changed, both PRRs essentially say the same thing: resubmitting a previously scheduled planned outage as a forced outage could be viewed as submission of false information to the CAISO and/or taking an outage not authorized by the CAISO. PG&E’s objections to PRR 1074, and now PRR 1122, stem from the overly broad wording in both PRRs. This broad wording can be interpreted as being stricter than the actual tariff, which limits its review and punishments for Forced Outages that “*may have been the result of gaming or other questionable behavior.*”¹

¹ § 9.3.10.6 Review of Forced Outages. <http://www.caiso.com/Documents/ConformedTariff-asof-Jan1-2019.pdf>

PG&E requests CAISO improve PRR 1122 to be more in line with the Tariff; more precisely focused on the “gaming” behavior that ought to be discouraged. Additionally, the CAISO should improve the outage management process to eliminate the situations where Scheduling Coordinators or Operators feel they have no choice but to resubmit outages as Forced.

Improvements to PRR 1122

PG&E offers two constructive edits to PRR 1122:

1. Be more specific to the problem of “gaming” and more aligned to the tariff.

As SCE noted in their PRR 1074 comments, these PRRs can be interpreted as being stricter than the Tariff. The Tariff takes a more focused approach that is specific to discouraging “gaming” by considering ten factors when evaluating the appropriateness of resubmitting a forced outage. PG&E suggests making the language in PRR 1122 more consistent with the tariff. For example, PRR 1122’s language could be modified to read (PG&E’s edits in red):

“Resubmitting the outage could be viewed as submission of false information to the ISO and/or taking an outage not authorized by the ISO if it is determined to be the result of gaming (see § 9.3.10.6 Review of Forced Outages).”

2. Broaden the list of appropriate reasons for resubmission

There are several circumstances in the current process where Scheduling Coordinators or Operators have no choice but to resubmit a rejected Planned Outage as Forced. These reasons may be wide ranging and include:

- Further delay of the outage poses imminent risk to the equipment and/or people
- Regulatory requirements from Federal, State, and/or local agencies
- Physical circumstances surrounding the outage have changed

Unlike the gaming behavior that is apparently the motivator for PRR, the list of reasons for appropriate resubmission is not completely known. PG&E recommends making it clear in this PRR that this list of appropriate reasons for resubmission is not exhaustive (PG&E edits in red).

“Resubmission in the forced timeframe may be appropriate when the behavior is not due to gaming, such as where the physical circumstances surrounding the outage request changed between the planned; when due to regulatory requirements from Federal, State, and/or local agencies; or forced timeframes or where



further delay to the outage poses imminent operational risk to the transmission or generation equipment.”

Improvements to Outage management process

While improvements to the language of PRR 1122 are necessary, they are not sufficient to eliminate resubmissions of canceled planned outages or reduce inefficient outage cancellations where generation and transmission outages are cancelled (with no real short-term reliability benefit but incurring a material reliability cost from not being able to complete the maintenance in a timely manner). There are several challenging situations where Scheduling Coordinators or Operators feel they have no choice but to resubmit outages as Forced. The CAISO ought to work to improve the outage management process to eliminate these challenging situations. Doing so will result in a more liquid Resource Adequacy (RA) market and one where it will be easier for the CAISO to identify the inappropriate gaming behavior it wishes to eliminate.

The opaqueness, uncertainty, and lack of dialog in the current process leads to a less liquid and efficient RA market. PG&E would like the CAISO to address three areas in their outage management process:

1. **Transparency.** Currently, many Operators must assume a one-for-one replacement for all outages up until a week prior to the outage – far too late to offer any residual capacity to be offered into the market. If the CAISO were to be transparent in the criteria for outage cancellation, then Operators could be better informed in scheduling their outages, resulting in fewer cancelled planned outages and more supply of RA.
2. **Certainty.** CAISO should increase the certainty of an outage more than eight days in advance. Eight days does not allow enough time to sell residual RA or procure substitution if needed. Increasing the certainty further out will lead to more RA supply in the market.
3. **Rational.** Stakeholders have repeatedly described situations where the planned outage did not actually reduce reliability of the system nor the amount of RA available to the CAISO. For example, the cancelation of a solar resource at night and hydro facilities with little to no water in the reservoir. In these cases, there was no benefit to canceling the outage nor did these situations meet the criteria of “gaming” laid out by the tariff. These types of cancelations should not occur.
4. **Resolution.** CAISO should offer an expedited resolution mechanism by which Scheduling Coordinators or Operators could discuss a cancelled outage. In the irrational cancelation examples (above), Scheduling Coordinators or Operators have no other



option other than resubmitting the cancelled outage as Forced. If CAISO were to provide a resolution mechanism that could allow for approval of the planned outage or further communication on the need for cancellation, then fewer resubmissions would occur.

PG&E became aware of a situation where Scheduling Coordinators or Operators thought cancellations were inappropriate. In one instance, the Scheduling Coordinators or Operator provided substitution, yet the outage was still cancelled. In another, the Scheduling Coordinators or Operator was willing to pay RAIM penalties for lacking the substitution, but regardless the outage was still cancelled. These examples illustrate the need for improvements in transparency, certainty, and resolution (the previous three points). If substitution is provided, or paid for, the outage should not be cancelled. Improvements in these three areas would increase RA availability at no additional cost.



Comments of Pacific Gas and Electric Company

PRR 1122 – Comments on CAISO Recommendation to Approve PRR as Submitted

Submitted by	Company	Date Submitted
Todd Ryan 617.784.5342	Pacific Gas and Electric	03/19/19

Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator’s (CAISO) recommendation to approve PRR 1122 as submitted.

PG&E appreciates the opportunity to comment on this PRR as it raises several important issues relating to outage management and Resource Adequacy (RA). PG&E’s comments can be summarized as follows:

- PG&E does not agree with the recommendation to approve as submitted.¹
- The CAISO should strike a redundant and overly broad sentence² from the PRR.³
- The CAISO should address outage management process improvements.
- PG&E would support the PRR with the suggested sentence removed.

Each of these points is addressed in more detail below.

¹ CAISO’s recommendation posted here:

<https://bpmcm.caiso.com/Pages/ViewPRR.aspx?PRRID=1122&IsDlg=0>

² “Resubmitting the outage could be viewed as submission of false information to the ISO and/or taking an outage not authorized by the ISO”

³ <https://bpmcm.caiso.com/Lists/PRR%20Details/Attachments/1122/ISO%20revised%20PRR%201122.docx>

PRR 1122: Inappropriate Reporting of Forced Outages

1. **PG&E does not agree with the recommendation to approve as submitted**

In the PRR, the CAISO provides notice to market participants that inappropriate reporting of forced outages is being monitored by the CAISO and that current policy is to report such behavior to FERC. The CAISO has also stated that this PRR is not changing current policy but merely informing participants.⁴

PG&E and other stakeholders⁵ have repeatedly raised concerns with the language in this PRR and PRR 1074⁶ that shared the same language. In fact, no stakeholder has written to support either of these PRRs. While PG&E recognizes and appreciates that the CAISO has made edits in response to stakeholder concerns, these edits have not been sufficient to change PG&E's position that this PRR should not be approved.

2. **The CAISO needs to strike a redundant and overly broad sentence from the PRR**

PG&E's key concern with the PRR as written is the following sentence:

“Resubmitting the outage could be viewed as submission of false information to the ISO and/or taking an outage not authorized by the ISO.”

This is overly broad and could be misinterpreted to apply to appropriate resubmissions of canceled planned outages. In addition, the sentence does not detail or imply any further investigation or dialog to determine if suspected inappropriate behavior is, in fact, inappropriate. Finally, the sentence is redundant given the PRR's final sentence:

“Where the CAISO determines that a PTO or scheduling coordinator for a generator may have reported outages inappropriately, the CAISO and/or the Department of Market Monitoring may investigate and inform FERC of such conduct”

The final sentence is much more specific to the inappropriate behavior; clearer that further investigation and dialog will take place to determine whether or not the outage was appropriate; and provides the same notice regarding potential FERC action to participants.

There is no need for the first sentence and CAISO should strike it from the PRR.

3. **The CAISO needs to act today to improve the outage management process**

⁴ Based on CAISO verbal comment in 2/26/19 webinar

⁵ Six Cities, SCE, NCPA, and PG&E

⁶ <https://bpmcm.caiso.com/Pages/ViewPRR.aspx?PRRID=1074&IsDlg=0>

PRR 1122: Inappropriate Reporting of Forced Outages

In the PRR 1122, and prior PRR 1074, stakeholders have provided many examples of outage cancellations that could have been avoided or mitigated. An obvious example of this is the cancellation of a planned outage for a solar facility at night. The fact that such an outage is being cancelled shows that the process is overly automated, and relies primarily on rules rather than reason.

In response to this example, and others, the CAISO verbally expressed to PG&E that it would make “non-Tariff, non-BPM improvements” to the process.⁷ To date, the CAISO has not provided its list of process improvements. Before approval of this PRR, PG&E requests additional information on these improvements.

PG&E recognizes that the CAISO has suggested that these issues should be addressed in the RA Enhancements stakeholder initiative. However, these issues are having real effects today through artificially tightened RA and energy markets due to outage management and substitution processes that, at times, can result in unreasonable cancellations. These issues need to be addressed today rather than at some future point in another stakeholder process.

4. PG&E could support the PRR with the suggested sentence removed.

PG&E could support PRR 1122 with the suggested sentence removed. The resulting BPM language would be as follows:

“If the CAISO initially approves a requested planned transmission or generation outage and the CAISO subsequently disapproves the outage or withholds final approval, it is generally not appropriate for the PTO or scheduling coordinator for the generator to resubmit the same (or substantially similar) outage as a forced outage. ~~Resubmitting the outage could be viewed as submission of false information to the ISO and/or taking an outage not authorized by the ISO.~~ The CAISO cannot identify prospectively all instances in which resubmission in the forced timeframe may be appropriate. Examples of instances where resubmission in the forced timeframe may be appropriate include where: the planned outage was submitted because the need for addressing an imminent maintenance issue was identified shortly before the planned timeframe elapsed; the physical circumstances surrounding the outage request changed between the planned and forced timeframes (e.g., equipment has failed in service or is now in danger of imminent failure); or when waiting until the next opportunity for a planned outage poses substantial operational risk to the transmission or generation equipment.

“Additionally, it is generally not appropriate for a PTO or scheduling coordinator for a generator to submit a forced outage for planned, non-urgent maintenance as it interferes with the CAISO’s ability to

⁷ This was verbally conveyed from CAISO to PG&E as a part of the PRR 1074 Appeals Process on 11/20/18.

PRR 1122: Inappropriate Reporting of Forced Outages

concurrently manage outages, could create reliability risks and interferes with the intended functioning of availability incentives (e.g., RAAIM.)

“Where the CAISO determines that a PTO or scheduling coordinator for a generator may have reported outages inappropriately, the CAISO and/or the Department of Market Monitoring may investigate and inform FERC of such conduct.”