

# Memorandum

**To:** ISO Board of Governors

**From:** Roger Collanton, Vice President, General Counsel & Chief Compliance Officer

**Date:** January 27, 2016

**Re:** Regulatory report

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***This memorandum does not require Board action.***

## **Highlights**

- *The ISO filed with FERC its second and final set of planned tariff revisions to improve its interconnection process;*
- *FERC accepted the ISO's compliance filing advocating no change in day-ahead market scheduling practices as it would not improve alignment of gas and electric scheduling practices;*
- *The ISO submits opening brief supporting Southern California Edison's request for a certificate of public convenience and necessity from the CPUC for the West of Devers Upgrade Project as necessary to connect renewable resources to the ISO controlled grid;*
- *The ISO submits opening brief supporting San Diego Gas & Electric Company's request for a certificate of public convenience and necessity from the CPUC for the South Orange County Reliability Enhancement Project as necessary to address NERC reliability standards.*

## **Federal Energy Regulatory Commission and related Court of Appeals matters**

- **Tariff amendment to implement interconnection process enhancements (ER16-691)**

On January 7, 2016, the ISO submitted to FERC a tariff amendment to improve its generator interconnection process. The amendment represents the second and final planned set of tariff revisions resulting from the ISO's 2015 Interconnection Process Enhancements stakeholder initiative, covering ten category revisions. The ISO requested an effective date of March 8, 2016.

- **Order granting request for waiver – available balancing capacity (ER15-861-007)**

On January 4, 2016, FERC issued an order granting the ISO's request for a limited tariff waiver to modify the effective date of the energy imbalance market (EIM) tariff provisions to automate the recognition of the available balancing capacity from EIM participants. As requested by the ISO, FERC deferred the effectiveness of the previously accepted available balancing capacity provisions until no later than March 1, 2016, as the ISO requested. FERC also directed the ISO to notify FERC of the actual effective date of the tariff provisions within five business days of their implementation. The waiver was necessary after the ISO determined that it could not implement the available balancing capacity mechanism on January 5, 2016 because of certain implementation challenges.

- **Order accepting compliance filing – available balancing capacity (ER15-861-006)**

On December 17, 2015, FERC issued an order accepting the ISO's compliance filing on available balancing capacity, to become effective January 5, 2016. The tariff revisions are intended to enhance the EIM functionality so that the EIM will automatically recognize and account for capacity an entity participating in the EIM has available to maintain reliable operations in its own balancing authority area, but has not bid into the EIM.

- **Order on compliance filing – ISO/RTO scheduling practices (EL14-22)**

On December 17, 2015, FERC issued an order accepting the ISO's compliance filing, which contended that the ISO does not need to modify the timing of its current day-ahead scheduling as the current schedule is already well-suited for aligning gas and electric scheduling. FERC accepted the filing, finding that the ISO had shown why its existing scheduling practices need not be changed. FERC also directed the ISO to submit an annual informational report explaining ongoing efforts to further align the gas and electric scheduling practices.

- **Letter order accepting compliance filing – interconnection process enhancements (ER14-2586-002)**

On December 3, 2015, FERC issued a letter order accepting the ISO's June 12, 2015 compliance filing. The ISO submitted its filing in compliance with FERC's May 29, 2015 order, proposing a tariff amendment requiring the ISO to include any written comments received from the interconnection customer in the final system impact and facilities study report. The filing was accepted effective February 2, 2015.

## Regulatory Agreements

- **Adjacent balancing authority operating agreement between the California ISO and Centro Nacional de Control de Energia (CENACE) (ER16-633)**

On December 23, 2015, the ISO submitted for filing and acceptance: (1) an Adjacent Balancing Authority Operating Agreement (ABAOA) between the ISO and the Centro Nacional de Control de Energía–Gerencia de Control Regional Baja California (CENACE-GCRBC); and (2) a notice of termination of the existing Interconnected Control Area Operating Agreement (ICAOA) between the ISO and Comision Federal de Electricidad (CFE). The ISO submitted the filing to revise those contractual arrangements and reflect the planned transfer of balancing authority responsibilities from CFE to CENACE-GCRBC on January 1, 2016. The ISO proposed that the ABAOA and termination of the ICAOA both be made effective on January 1, 2016, and requested that FERC grant waiver of its notice requirements to permit the ABAOA to go into effect on that date.

- **Amendment to adjacent balancing authority agreement between the California ISO and Nevada Power (ER16-545)**

On December 17, 2015, the ISO submitted to FERC a third amendment to Adjacent Balancing Authority Operating Agreement (ABAOA) between the ISO and the Nevada Power Company. The ISO submitted the amendment, with the proposed effective date of December 18, 2015, to accommodate the project schedule of Nevada Power and San Diego Gas & Electric Company for the planned removal of the Merchant intertie and complete transition of the Merchant substation to the ISO balancing authority area.

- **Notice of termination of approved project sponsor agreement – Imperial Irrigation District (ER16-508)**

On December 11, 2015, the ISO submitted to FERC for acceptance a notice of termination effective February 22, 2016, of the Approved Project Sponsor Agreement (APSA) between the Imperial Irrigation District (IID) and the ISO. Pursuant to Article 2.3.1 and 2.3.3 of the APSA, the ISO requested that FERC accept the notice of termination pursuant to the 90-day notice of termination provided by IID.

## Reports filed

- **Informational report on EIM structural market power (ER14-1386)**

On January 6, 2016, the Department of Market Monitoring submitted its six-month informational status report on the presence of structural market power in PacifiCorp's balancing authority areas due to limits on transmission interties into and between these balancing authority areas under the EIM structure. The report concludes that circumstances warranting market power mitigation specified in its report accompanying the July 23 tariff amendment persist and that there is no new information that warrants changing the current application of market power mitigation on the EIM transfer constraints.

- **Exceptional dispatch reports (ER08-1178 and EL08-88)**

On December 30, 2015, the ISO submitted an exceptional dispatch informational report on: (1) the price impact of exceptional dispatches as required by FERC in its September 2, 2009 order in this proceeding; and (2) an analysis of the degree of mitigation as required by tariff section 34.9.4. This report covered September 2015. On December 15, 2015, the ISO submitted to FERC transactional data including incremental and decremental megawatt volume, duration, and location for exceptional dispatches occurring during the month of October 2015. An exceptional dispatch is a dispatch or a commitment issued by the ISO to a resource outside the operation of the ISO market to address operational needs that cannot be addressed by the ISO market.

- **Informational report on flexible resource adequacy capacity requirement amendment (ER14-2547)**

On December 29, 2015, the ISO submitted its informational report in response to FERC's directive in its October 16, 2014 order. The report (1) quantifies the documented and projected impact of non-contracted variable energy resources on the ISO's flexible capacity needs, (2) assesses the feasibility of permitting static import resources to provide flexible resource adequacy capacity, and (3) demonstrates the progress the ISO has made towards developing a flexible capacity performance incentive mechanism.

- **EIM price waiver reports (ER15-402)**

On December 18, 2015, the ISO submitted to FERC its report on EIM performance for October 2015. The report was submitted pursuant to FERC's March 16, 2015 order directing the ISO to refine the monthly reports to "assist the Commission and the parties in determining the extent to which the price spikes continue to be caused by transitional issues, and the extent to which they may be triggered by lack of adequate supply in the EIM." On December 28, 2015, the Department of Market Monitoring submitted its assessments of the performance of the EIM, covering October 2015.

- **Market disruption report (ER06-615 and ER07-1257)**

On December 15, 2015, the ISO submitted to FERC its monthly market disruption report for the period October 16, 2015 through November 15, 2015. A market disruption is an action or event that causes a failure of the ISO market related to system operation issues or system emergencies.

- **Informational report on NV Energy interties (ER15-2272)**

On December 9, 2015, the ISO submitted an informational report, pursuant to FERC's order dated November 19, 2015, providing notice that it has implemented the market power mitigation procedures set forth in section 39.7 of its tariff with respect to EIM transfer constraints between the NV Energy balancing authority area and the ISO and PacifiCorp balancing authority areas, effective December 1, 2015.

## **California Public Utilities Commission matters**

- **Opening brief on Southern California Electric Company's request for a certificate of public convenience and necessity for the West of Devers Upgrade Project (A.13-10-020)**

On January 15, 2016, the ISO submitted its opening brief supporting Southern California Electric Company's request for a certificate of public convenience and necessity for the West of Devers Upgrade Project. The ISO explained that the project is necessary to connect renewable resources to the ISO controlled grid consistent with the CPUC-provided renewable development assumptions and the ISO policy-driven transmission planning process.

- **Comments regarding California resource adequacy obligations for 2017 (R.14-10-010)**

On January 15, 2016, the ISO submitted comments regarding CPUC resource adequacy obligations for 2017. The ISO asked that the CPUC align its local resource adequacy obligations with the ISO's Local Capacity Technical Study, particularly with regard to the resource characteristics necessary to meet local reliability requirements. The ISO submitted that the CPUC should adopt a requirement that local resource adequacy resources are capable of allowing the ISO to adjust the system within the NERC and ISO tariff required timeframe.

- **Response to applications for rehearing of the CPUC decision regarding valuation of event-based load modifying resources (R.13-09-011)**

On January 13, 2016, the ISO submitted a response to applications for rehearing of the CPUC decision regarding capacity value event-based load modifying resources that are not integrated into the ISO market. The ISO supported the CPUC decision as a reasonable extension of the CPUC's earlier bifurcation of demand response into resources that either (1) remain embedded in the California Energy Commission load forecast, or (2) are integrated in the ISO market.

- **Opening brief on San Diego Gas & Electric Company's request for a certificate of public convenience and necessity for the South Orange County Reliability Enhancement Project (A.12-05-020)**

On January 11, 2016, the ISO submitted its opening brief supporting San Diego Gas & Electric Company's request for a certificate of public convenience and necessity for the South Orange County Reliability Enhancement Project. The ISO submitted that the project is necessary to address NERC and ISO reliability standards.

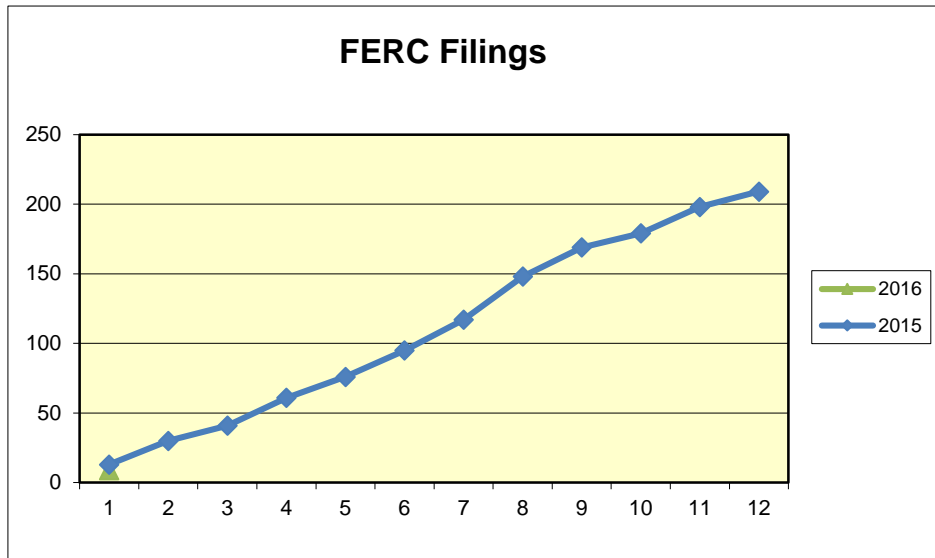
- **Response to applications for rehearing of the CPUC decision on Southern California Edison's request for offers for the Western Los Angeles Basin (A.14-11-012)**

On January 8, 2016, the ISO submitted a response to applications for rehearing of the CPUC decision regarding Southern California Edison's request for approval of new capacity contracts addressing ISO-identified local capacity requirements in the Western Los Angeles Basin. The ISO supported the CPUC decision and recommended additional factual findings and conclusions of law to support the decision.

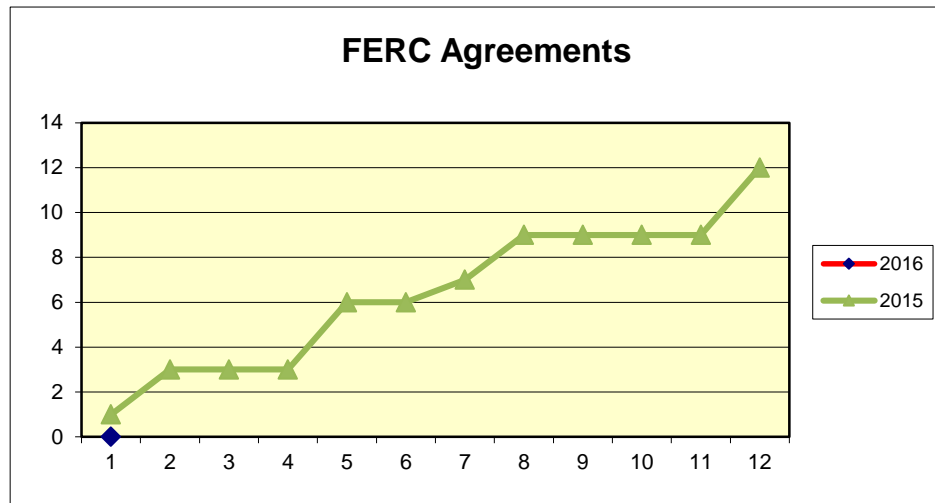
- **Comments on long-term procurement plan modeling methodology (R.13-12-010)**

On December 4 and 11, 2015, the ISO submitted comments regarding the CPUC's proposed Long-Term Procurement Plan (LTPP) modeling methodology. In the comments, the ISO advocated for comprehensive modeling framework that will allow all parties to better (1) understand the deterministic and stochastic study methodologies and the results produced, and (2) identify capacity needs based on those results.

# Regulatory Filings Through January 2016

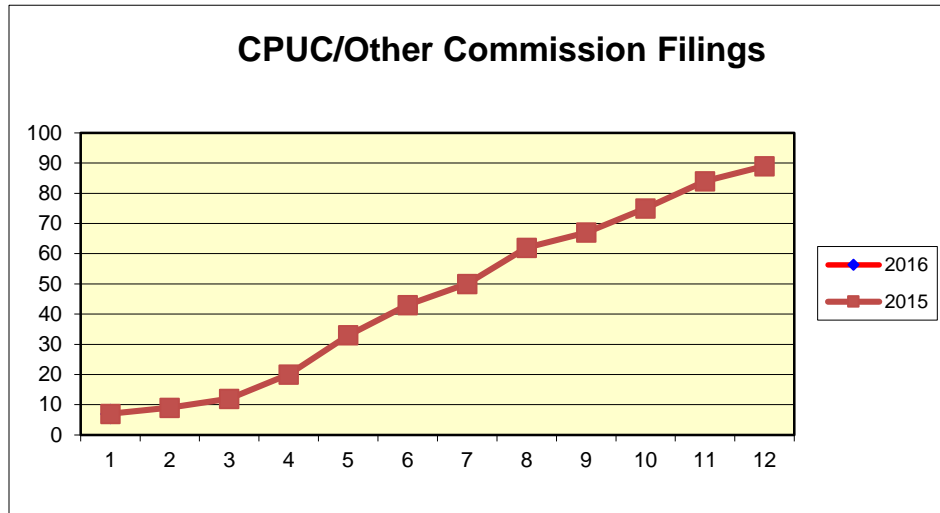


Total FERC Filings: 10

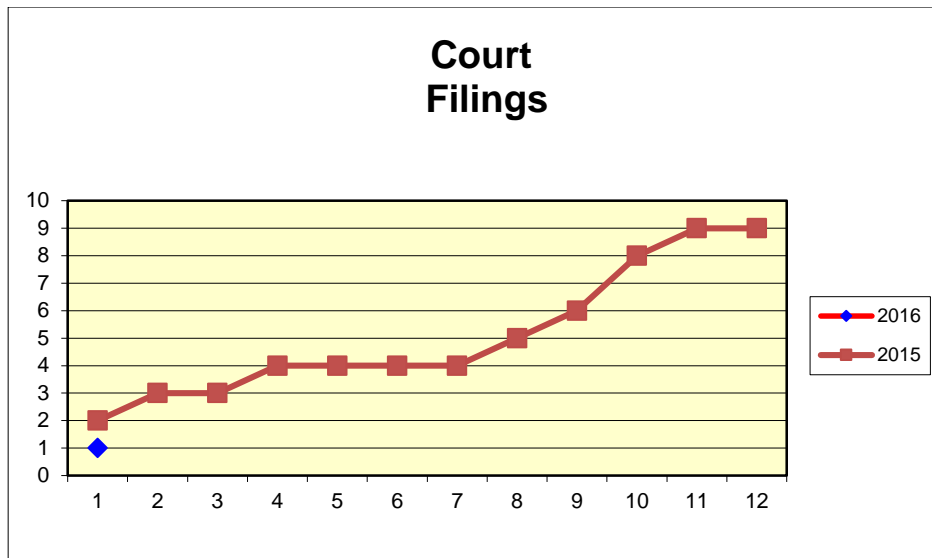


Total FERC Agreements: 0

# Regulatory Filings Through January 2016



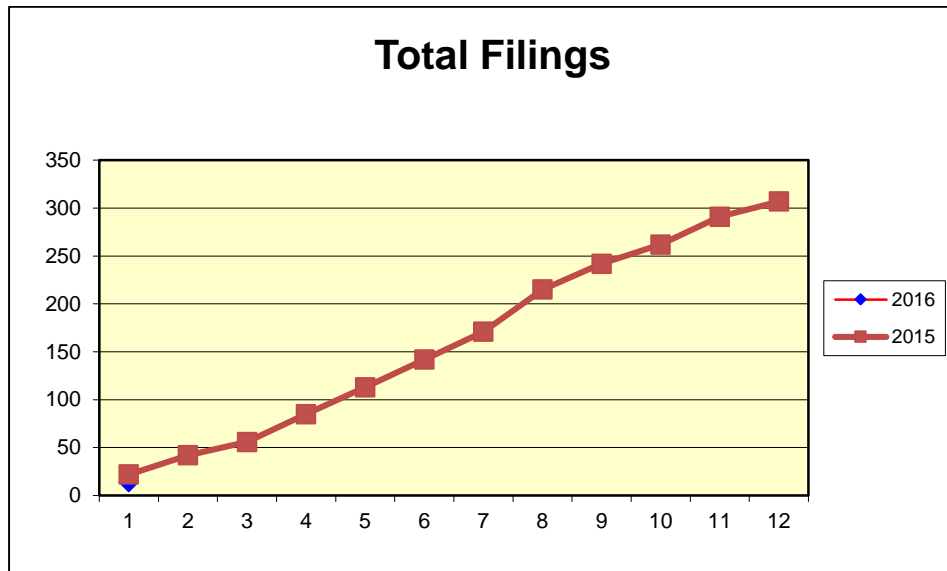
Total CPUC/Commission Filings: 7 (This equals the January 2015 total)



Total Court Filings: 1



# Regulatory Filings Through January 2016



Total Filings: 18