

Memorandum

To: ISO Board of Governors

From: Roger Collanton, Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary

Date: March 13, 2024

Re: **Regulatory update since last report dated January 31, 2024**

This memorandum does not require ISO Board of Governors action.

Highlights

- *President Biden designates Willie L. Phillips as FERC Chair and announces three nominees to serve as FERC Commissioners – Judy Chang, David Rosner, and Lindsay See*
- *The ISO filed a tariff amendment to update the level of the capacity procurement mechanism soft offer cap to align with new costs studies*
- *The ISO filed a tariff amendment to forgo a generator interconnection request window in 2024*

Federal Energy Regulatory Commission

- **President Biden designates Willie L. Phillips as Chair of FERC and announces Three Nominees to serve as FERC Commissioners**

On February 9, 2024, President Biden designated Willie L. Phillips, who has served as acting chair of FERC for the past year, as Chair. On February 29, 2024, President Biden announced three nominees for FERC Commissioner: Judy Chang, David Rosner and Lindsay See. Judy Chang is Managing Principal with the Analysis Group, and formerly Undersecretary of Energy and Climate Solutions for Massachusetts. David Rosner is an Energy Industry Analyst at FERC, currently on detail with the U.S. Senate Committee on Energy and Natural Resources. Lindsey See is Solicitor General of West Virginia.

- **Notice of Proposed Ruling: Revisions to the Filing Process and Data Collection for Electric Quarterly Reports (EQR) (RM23-9)**

On February 26, 2024, the ISO filed comments on FERC's notice of proposed rulemaking that proposes various changes to current EQR filing requirements, including both the

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method of collection and the data being collected. FERC also proposes to require Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs) to prepare reports of market transactions for which the RTO/ISO is a counterparty to facilitate sellers' EQR filings. Our comments encourage FERC to hold a technical workshop before it issues a final rule adopting any requirement for RTOs and ISOs to develop reports of market transactions that map to EQR filing requirements.

- **Extended day-ahead market and day-ahead market enhancements (ER23-2686)**

On February 16, 2024, the ISO submitted a filing in compliance with FERC's December 20, 2023, order accepting the ISO's August 22, 2023 tariff amendment to enhance the existing day-ahead market and to offer balancing authorities outside of the ISO's current footprint the opportunity to participate in a new day-ahead market.

- **Disposition of penalty assessment proceeds (ER24-355; ER21-1492; ER24-494)**

On February 15, 2024, FERC issued an order granting the ISO's November 2, 2023 petition for approval of disposition to scheduling coordinators of penalty assessments and non-refundable interconnection security collected for violations of the ISO's rules of conduct for 2022, and for non-refundable study deposits for projects interconnecting to SCE's distribution system for 2022. On February 15, 2024, FERC also issued an order granting the ISO's November 29, 2023 petition for approval of disposition to scheduling coordinators of a penalty assessed in 2020 against Tenaska Power Services Co. as scheduling coordinator for Blue Lake Power, LLC.

- **City of Tacoma v. CAISO – Meter Data Penalties (EL24-65)**

On February 15, 2024, the ISO filed an answer supporting the relief sought by the City of Tacoma's complaint, which is substantially similar to other complaints Tacoma has filed. The ISO requested that FERC consider granting relief for all trade dates affected by the inaccurate loss factor issue that created the penalties.

- **Capacity Procurement Mechanism (CPM) – Track 2 (ER24-1225)**

On February 9, 2024, the ISO filed a tariff amendment to update the capacity procurement mechanism soft offer cap to align with new costs studies. The higher cap reflects inflation, labor rates, and higher bilateral capacity prices in recent years.

- **Upstream Clean Energy Complaint (EL23-81)**

On February 9, 2024, FERC issued an order denying Upstream's July 6, 2023 complaint against the ISO concerning Upstream's requests that the ISO study a generator interconnection request for the Ventana Reliability Project in the ISO's independent study process. FERC's order finds Upstream did not show that the ISO acted inconsistently with

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tariff requirements in conducting the electric independence test for Upstream's project, which is necessary to qualify for the independent study process.

- **Postpone 2024 Interconnection Request Window (ER24-1213)**

On February 8, 2024, the ISO filed a tariff amendment to forgo a new interconnection request window in 2024. This will allow the ISO, transmission owners, and developers to complete existing interconnection requests before adding even more. FERC previously approved schedule and procedural changes to address the unprecedented volume of new interconnection requests the ISO received in clusters 14 and 15. Adding new interconnection requests at this time would exacerbate current challenges and delay studies further.

Non-conforming regulatory agreements

- **Planning Coordinator Agreements (ER24-1395)**

On March 1, 2024, the ISO filed revisions to Planning Coordinator Agreements previously filed with the Commission to extend the terms of these agreements and make other minor edits.

- **Midway-Sunset Cogeneration Company – Reliability Must-Run (ER22-2550)**

On February 23, 2024, FERC issued an order accepting Midway's November 30, 2023, true-up filing detailing payment through which it will recover costs of repairs.

- **California State University Channel Islands – Reliability Must-Run (ER24-733)**

On February 9, 2024, FERC issued an order accepting December 21, 2023, revisions to the reliability must-run agreement to correct certain unplanned repair costs that CSUCI may recover.

- **Oakland Power Company, LLC – Reliability Must-Run (ER23-254)**

On February 2, 2024, Oakland Power filed a joint offer of settlement and settlement agreement among the ISO, California Public Utilities Commission, Pacific Gas & Electric, Company and Southern California Edison, resolving all issues relating to Oakland Power's revenue requirement for providing reliability must-run service during contract year 2023.

California Public Utilities Commission

- **Commission General Order 131-D (R.23-05-018)**

On February 26, 2024, the ISO filed reply comments on an Administrative Law Judge ruling to support the CPUC's consideration of the Settlement Agreement that would incorporate various changes into General Order 131-D, which addresses infrastructure siting procedures.

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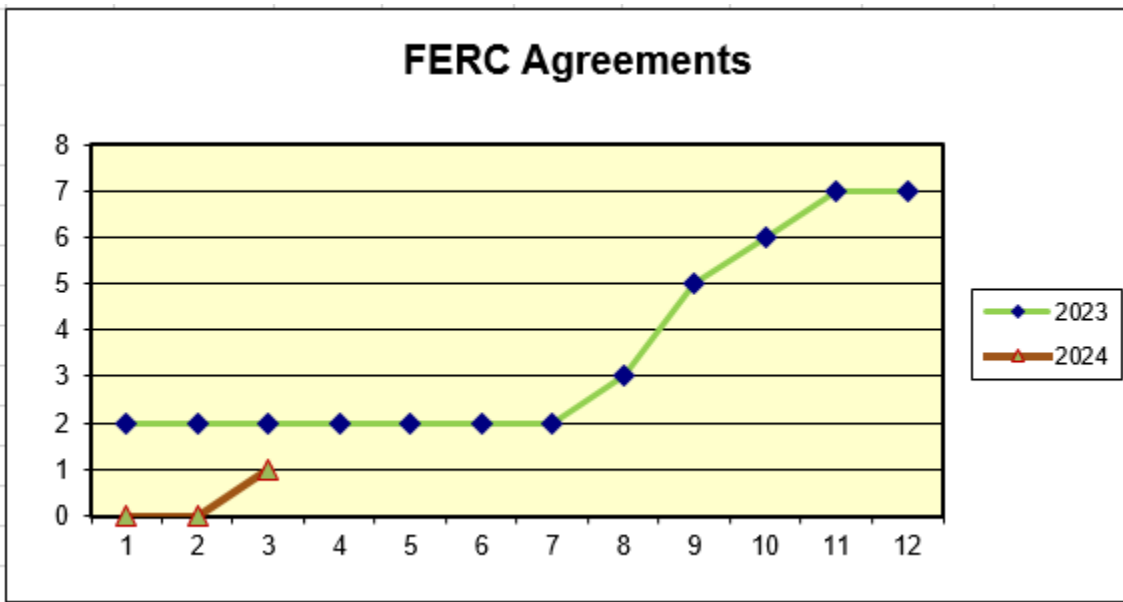
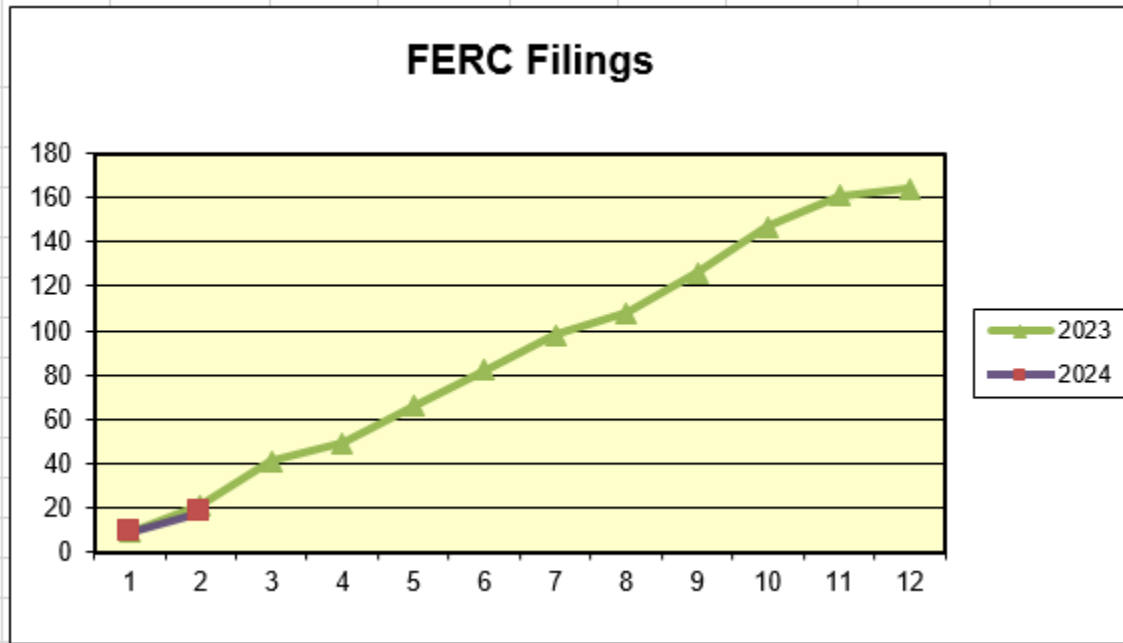
- **Resource Adequacy (R.23-10-011)**

On February 23, 2024, the ISO filed comments regarding the CPUC's "slice of day" framework, noting that the CPUC should establish a rule that load serving entities must show the ISO all deliverable resources on resource adequacy plans, regardless of what hour the resources are shown to the CPUC, thereby enabling the ISO to correctly flag resource adequacy resources in ISO systems and processes.

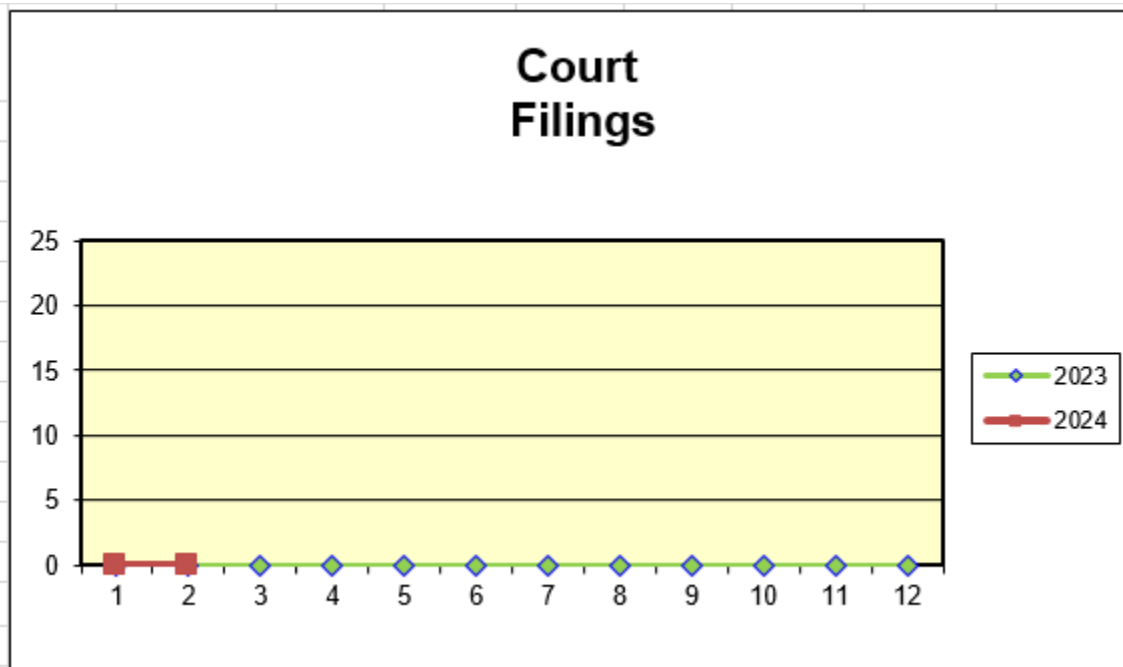
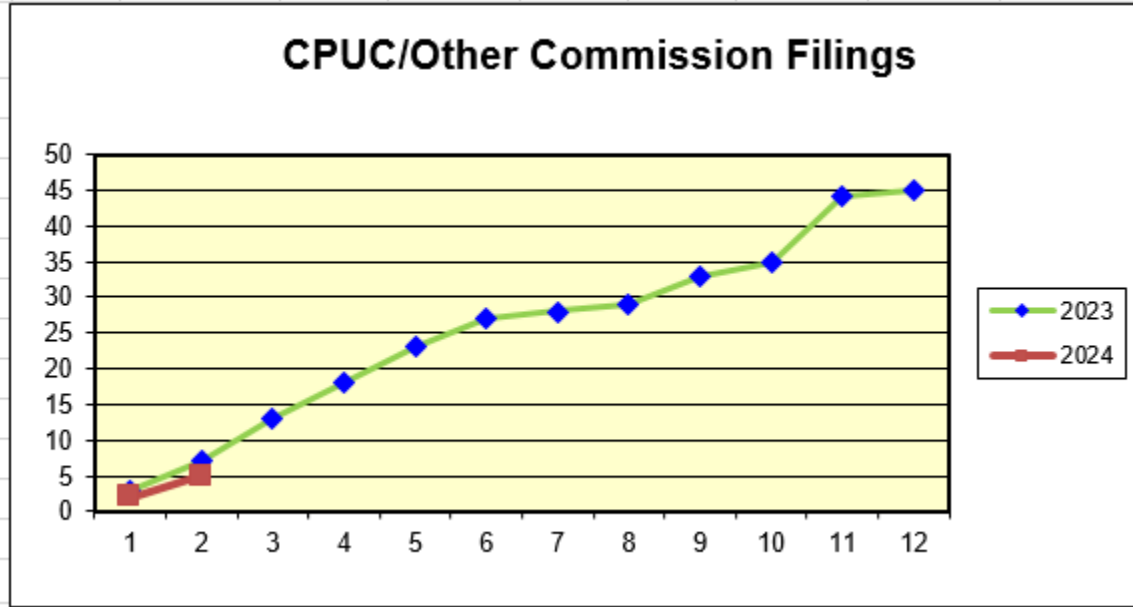
- **Integrated Resource Planning (R.20-05-003)**

On February 5, 2024, the ISO filed reply comments on a proposed decision to argue the CPUC should not adopt proposals advanced by various parties that conflict with the ISO's transmission planning process. The ISO's reply comments also support party proposals that recommend that the CPUC require substitute procurement for delayed Diablo Canyon replacement procurement.

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