

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

California Independent System) **Docket No. ER21-2753-000**
Operator Corporation)

ANSWER TO COMMENTS

The California Independent System Operator Corporation (“CAISO”) respectfully submits its answer¹ to the comments filed in the above-identified docket by Vistra Corp. and Dynegy Marketing and Trade, LLC (together, “Vistra”), which concern the CAISO’s petition for waiver of Section 25.1 of its tariff.² Vistra’s comments generally raise issues beyond the scope of whether the CAISO’s petition meets the Commission’s waiver criteria. Vistra’s comments take both the CAISO’s petition and Commission precedent out of context. The CAISO’s petition addresses an immediate need to preserve reliability without affecting other market participants or interconnection customers. Contrary to Vistra’s assertions, the CAISO’s petition relies on existing tariff processes and is narrowly tailored to address the immediate reliability issues the CAISO faces. The Commission should disregard Vistra’s comments and find that the CAISO’s petition meets the Commission’s waiver criteria.

¹ The CAISO submits this answer pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213.

² Capitalized terms not otherwise defined herein have the meanings set forth in the CAISO tariff, and references to specific sections, articles, and appendices are references to sections, articles, and appendices in the current CAISO tariff and revised or proposed in this filing, unless otherwise indicated.

I. The CAISO's petition seeks a limited waiver to address one interconnection that will mitigate reliability concerns.

The CAISO's petition addresses one very limited request: to study increasing the existing interconnection service at the Greenleaf generating facility by 11 MW quicker than the CAISO's normal study processes. Doing so addresses a concrete problem in the CAISO's imminent capacity needs. Although the CAISO is interconnecting new generating units and energy storage resources every month, the CAISO still faces potential capacity shortfalls due to generator retirements, historically low hydro levels, and increasing demand due to extreme weather. The CAISO also faces unexpected outages and contingencies due to forest fires, high winds, and high temperatures. Interconnecting the Greenleaf generating units will help the CAISO mitigate reliability issues during extreme conditions until sufficient generating capacity has come online.

Vistra argues that "the Commission's action on the instant Waiver Request is likely to prove critical to informing how CAISO handles future requests for expedited interconnection, which are sure to follow in the coming months."³ Vistra follows this slippery slope into arguing, "it is difficult to understand how the deployment of *hundreds or thousands of MWs* of emergency Energy Only generation resources would not affect the cost responsibility and deliverability of resources currently in the interconnection queue."⁴ Vistra's speculation is inaccurate and misleading. The CAISO's petition does not involve hundreds of megawatts; it does not involve thousands of megawatts. The only petition for relief the CAISO has requested is for a single accelerated study to increase one existing interconnection customer's capacity from 49.2 MW to 60 MW. No

³ Vistra Comments at 7.

⁴ *Id.* at 8 (emphasis added).

other question is before the Commission. The Commission’s waiver policy depends on the facts before it, not conjecture. The Commission should disregard Vistra’s arguments about speculative future interconnections.

II. The CAISO’s petition would not create new tariff processes.

Vistra argues the CAISO’s waiver request is inappropriate because a “waiver request cannot be used to establish a new process that is not set out in the existing tariff.”⁵ Vistra’s basis for this argument is text from a footnote that Vistra takes out of context and splices to serve its argument. Vistra says, “CAISO expressly acknowledges that the Waiver Request is not intended to address non-compliance ‘with an existing tariff provision’ and, instead, seeks to compensate for ‘the lack of tariff provisions that could accommodate an emergency or temporary interconnection.’”⁶ Vistra mischaracterizes the CAISO’s statement, which the CAISO offered to support the sentence preceding it: “The CAISO also notes that granting this petition will not constitute retroactive ratemaking.”⁷ The CAISO was not arguing it lacks tariff processes to increase interconnection capacity. That is clearly not the case. The CAISO’s footnote merely noted the CAISO was seeking prospective, not *post-hoc*, relief.

Additionally, Vistra mischaracterizes the CAISO’s petition. The CAISO is not implementing a new tariff process. If that were the case, it would mean the CAISO would have no way of studying increases in interconnection service. However, the

⁵ Vistra Comments at 4.

⁶ Vistra Comments at 6 (citing CAISO Petition at 8 n. 16).

⁷ CAISO Petition at 8 n. 16.

CAISO has several interconnection study processes, including for fast-track energy-only interconnection requests.⁸ The CAISO is interconnecting 49.2 MW of the 60 MW at Greenleaf under normal tariff processes. The CAISO conducted its studies of this increase under all of its preexisting methodologies. Further, the CAISO tariff has express provisions describing its ability to perform accelerated interconnection studies. Section 8.6 of Appendix DD to the CAISO tariff states: “The CAISO may apply to FERC in coordination with the Interconnection Customer for a waiver of the timelines in this GIDAP to meet the schedule required by an order, ruling, or regulation of the Governor of the State of California, the CPUC, or the CEC.”

Vistra’s citations to the *Mystic* proceeding likewise are inapposite. ISO New England’s petition for waiver was a highly complex filing⁹ seeking waivers in numerous ways, including performing fuel security studies it had not performed previously, and then retaining units based on those studies under different rules than what ISO New England’s tariff prescribed.¹⁰ Another quotation Vistra takes out of context further

⁸ See, e.g., Section 5 of Appendix DD to the CAISO tariff. The fast track interconnection process has a capacity limit of 5 MW. Even applying Vistra’s narrow view of Commission waiver powers, the petition could simply be characterized as “suspending” the 5 MW limit to allow an 11 MW increase. The CAISO elected not to characterize its petition in such a way because it ignores the broader context of the state power augmentation project and could invite petitions for waiver under less critical circumstances. The CAISO also elected not to have the interconnection customer submit two consecutive fast track interconnection requests, which the CAISO considers circumventing the tariff. The fact the CAISO instead elected to file a petition for waiver demonstrates the CAISO’s intent to be transparent to the Commission and stakeholders, consistent with the intent of the Federal Power Act.

⁹ Even explaining how many waivers ISO New England requested was a complex affair, with an initial filing of 36 pages plus another 149 pages of testimony. By contrast, the CAISO’s petition was 10 pages because the CAISO is not implementing any new tariff process; it is merely performing common interconnection studies on an expedited basis

¹⁰ ISO New England’s petition also admitted it only sought the petition “because Exelon has stated that, if Exelon does not timely obtain the Commission’s approval of a satisfactory cost-of-service rate for Mystic 8 & 9, it will elect (as the Tariff permits) not to participate in the

highlights the difference between the CAISO's petition and ISO New England's in *Mystic*. *Vistra* states, "the Commission has explained, a 'typical waiver seeks to suspend a tariff provision'; it does not seek to rewrite the tariff to establish a new set of rules, requirements, or procedures."¹¹ But the Commission's full text demonstrates the difference between the CAISO's petition to study an interconnection faster and ISO New England's petition to retain the *Mystic* units:

A typical waiver seeks to suspend a tariff provision. By contrast, ISO-NE's request would not only suspend tariff provisions but also alter the existing conditions upon which a market participant could enter into a cost-of-service agreement (for a transmission constraint that impacts reliability) and allow for an entirely new basis (for fuel security concerns that impact reliability) to enter into such an agreement. Although ISO-NE attempts to frame its filing as a request for waiver of existing ISO-NE Tariff provisions, its request effectively creates an entire process that is not in the ISO-NE Tariff in order to allow for a cost-of-service agreement to meet regional fuel security concerns.¹²

The Commission went on to state that "even if we applied the Commission's waiver criteria here, we would deny ISO-NE's proposed waiver request because it is not sufficiently limited in scope."¹³

On the other hand, the CAISO's simple petition merely seeks to suspend Section 25.1 to allow the CAISO to study the Greenleaf interconnection service increase more quickly under its existing tariff processes. This is a far cry from the multiple complex forms of relief ISO New England sought. The CAISO is not seeking to rewrite any

next Forward Capacity Auction to be held in February 2019 for the performance period starting in June 2022, and will retire *Mystic* 8 & 9 unconditionally." *ISO New England*, Petition for Waiver at 4, Docket No. ER18-1509-000 (May 1, 2018).

¹¹ *Vistra* Comments at 4 (quoting *ISO New England Inc.*, 164 FERC ¶ 61,003, at P 47 (2018) ("Mystic Order"), *order on reh'g*, 173 FERC ¶ 61,205 (2020).

¹² *Mystic Order* at P 47.

¹³ *Id.* at P 48.

existing provisions. The Commission should disregard Vistra's arguments as inapposite and inaccurate.

III. The CAISO plans to examine permanent tariff revisions this Fall.

Vistra's comments generally avoid discussing whether the CAISO's petition meets the Commission's waiver criteria. Instead, Vistra focuses on asking the Commission to order the CAISO to examine permanent tariff revisions that could help "first-ready, first-served" interconnection projects, such as Vistra's own projects.¹⁴ Vistra states, "it is not clear that fast tracking emergency Energy Only resources will necessarily improve resource adequacy in California," and so the Commission should require the CAISO to develop a fast-track process would help all interconnection requests, namely, those seeking deliverability to provide resource adequacy.¹⁵ Vistra's comments are beyond the scope of this proceeding. Additionally, in discussing the CAISO's supercluster filing,¹⁶ Vistra omits that in the first paragraph of that filing the CAISO committed to commencing a stakeholder initiative on long-term interconnection enhancements.¹⁷ Vistra is well aware commencement of the next iteration of the CAISO's Interconnection Process Enhancements stakeholder initiative is imminent, and the initiative will examine new tariff provisions to expedite "ready" projects that can help the CAISO meet its capacity and resource adequacy needs. The CAISO recognizes it needs to address these areas in a durable way. The CAISO's petition, on the other

¹⁴ Vistra Comments at 2-3 (describing Vistra's projects).

¹⁵ *Id.* at 9.

¹⁶ *Id.* at 2-4, 7.

¹⁷ *California Independent System Operator Corp.*, Tariff Revisions for Supercluster at 1, Docket No. ER21-2530-000 (filed July 27, 2021).

hand, merely seeks short-term, narrow relief designed to help mitigate immediate reliability issues while the CAISO examines larger, permanent changes with stakeholders.

The CAISO's supercluster filing also demonstrates the CAISO prefers permanent tariff changes to waivers. The CAISO was able to work with stakeholders to develop those tariff changes, obtain approval from the CAISO Board of Governors, and submit its tariff filing in the three months from the close of the interconnection request window to the date of filing. However, as the CAISO explained in its petition for waiver, the CAISO did not have sufficient time to develop permanent tariff revisions to interconnect the Greenleaf generating units to meet capacity needs this summer.¹⁸ California Governor Newsom issued the emergency proclamation on July 30, 2021, and the CAISO filed its petition less than a month later on August 24 to interconnect the Greenleaf units by September 15, when they could still help mitigate reliability issues at a critical time. The CAISO agrees it needs to examine permanent tariff revisions, but Vistra ignores the immediate reliability issues driving the CAISO's need for expediency in this proceeding.

¹⁸ CAISO Petition at 3.

IV. Providing confidential interconnection studies is unwarranted.

Vistra criticizes the CAISO's petition for devoting finite staffing resources to study emergency generator interconnections.¹⁹ However, Vistra then asks the Commission to require the CAISO to submit a study on a confidential basis to allow the Commission to verify the CAISO's assertion that an additional 11 MW at the Greenleaf site does not negatively affect other interconnection customers. The Commission should reject this request. The CAISO is an independent system operator tasked with reliability. The CAISO has no cause to benefit the Greenleaf project at the expense of other interconnection customers, especially when other interconnection customers can provide energy 24/7, without an emergency order from the Department of Energy. The CAISO's and PG&E's studies confirm online and forthcoming interconnection customers are unaffected by granting the waiver.²⁰ Moreover, the CAISO explained it will exclude the 11 MW increase in interconnection service from the base case for all interconnection studies with commercial operation dates after the three-year sunset of the waiver. Increasing the interconnection service therefore will not negatively affect other interconnection customers.

¹⁹ Vistra Comments at 7.

²⁰ The CAISO reiterates that the increase is on an energy-only basis, and thus cannot affect any other project's deliverability. As such, the only possible effects could impact reliability, which the CAISO obviously would not jeopardize. The entire purpose of the CAISO's petition is to ensure reliability.

X. Conclusion

For the reasons stated herein, the Commission should grant the CAISO's petition for waiver.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA this 3rd day of September, 2021.

/s/ Jacqueline Meredith
Jacqueline Meredith