

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

**California Independent System  
Operator Corporation**

**Docket No. ER11-4353**

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION FOR MODIFICATION OF EFFECTIVE DATE**

The California Independent System Operator Corporation<sup>1</sup> hereby seeks to modify the effective date of its tariff provisions for regulation energy management and non-generator resource functionality from April 10, 2012 until on or after November 27, 2012, subject to two weeks prior notice to the Commission as to the actual effective date. The ISO also requests that the Commission waive the requirement of 18 C.F.R. § 35.3 that a rate schedule be filed not more than 120 days from the effective date. The additional time is necessary for the ISO to develop and test software and market systems.

**I. Background**

On August 22, 2011, the ISO filed a tariff amendment to establish tariff rules for regulation energy management for non-generator resources.<sup>2</sup> The purpose of this filing was to expand participation by non-generator resources in the ISO's ancillary services market. Non-generator resources are resources that can operate as generation or load,

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<sup>1</sup> The ISO is also sometimes referred to as the CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the ISO tariff.

<sup>2</sup> The CAISO submits this filing pursuant to Rules 212 and 2008(a) of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.2008(a).

or both. These resources have the capability to be dispatched to any operating level within their operating range but can be subject to constraints with respect to the amount of energy they can generate or curtail. Examples of non-generator resources include, but are not limited to, battery storage, flywheels and dispatchable demand response.

The Commission accepted the ISO's proposed tariff revisions on November 30, 2011.<sup>3</sup> The tariff revisions will allow non-generator resources to bid their capacity more effectively into the ISO's regulation markets, and also ensure that the ISO markets appropriately recognize the operating constraints of non-generator resources that elect not to use regulation energy management. The ISO requested an order accepting these tariff revisions by November 30, 2011 to provide the ISO sufficient time to work with non-generator resource owners and scheduling coordinators for testing and other readiness activities in anticipation of an April 10, 2012 production date.

As explained in greater detail below, the ISO has experienced delays in developing the necessary market software to launch regulation energy management as well as the generic functionality to support non-generator resources. The ISO believes that the delay will not adversely affect market participants as no scheduling coordinators have requested to use this market functionality in connection with physical resources in the April 2012 timeframe. In order to ensure the ISO can successfully develop, test and move regulation energy management and the generic functionality for non-generator resources into production, the ISO respectfully asks for the Commission to grant this request. The ISO informed market participants of the need to modify the effective date

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<sup>3</sup> *California Independent System Operator Corp.* 137 FERC ¶ 61,165 (November 2011). The Commission accepted the ISO's proposed changes to Appendix K of its tariff (Appendix K) to become effective December 1, 2011, and accepted all other proposed tariff revisions to become effective April 10, 2012. This motion addresses the tariff revisions to become effective on April 10, 2012.

for its regulation energy management and non-generator tariff provisions at its January 30, 2012 market performance and planning forum.

## **II. Request to Modify the Effective Date**

The ISO requires additional time to implement regulation energy management and non-generator resource functionality. The ISO proposes to change the effective date for this functionality from April 10, 2012 until on or after November 27, 2012, which is the date targeted for the ISO's fall market release. The ISO commits to provide two weeks prior notice to the Commission as to the actual effective date. The Commission has recently permitted this approach to establish an effective date when entities are implementing automated software systems.<sup>4</sup>

Good cause exists to grant this motion.<sup>5</sup> The ISO's main vendor has not delivered the complete model required to implement regulation energy management and non-generator resource functionality. The ISO expects that its vendor will complete a portion of the necessary model to support regulation energy management before April 10, 2012, but the ISO does not expect its vendor to deliver the complete model before the end of May 2012. Once the ISO receives the complete model from its vendor, the ISO will need to integrate this model into its internal applications and market systems, including settlements. The ISO plans to undertake testing to ensure the addition of this new non-generator resource model does not affect existing functionality. This testing is critical to ensure operation of the ISO's software and market systems to allow the successful launch of regulation energy management and non-generator resource

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<sup>4</sup> See *ISO New England Inc.* 137 FERC ¶ 61,120 (November 2011) at P 30.

<sup>5</sup> Rule 2008(a) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2008(a).

functionality. This testing will not be complete until the summer, during which time the ISO generally avoids implementing market software changes. For these reasons, the ISO is requesting to implement regulation energy management as part of its fall 2012 market release.

Accordingly, the ISO now plans to conduct a phased market simulation to allow market participants to gain experience with the regulation energy management and non-generator resource functionality. The ISO will outline the scope of each market simulation phase for stakeholders as part of its project implementation plan. Phase 1 of the market simulation will address operation of the non-generator resource model for resources to provide regulation energy management. This phase of the market simulation will not include any physical resources but instead allow market participants to analyze the economics of a potential non-generator resource providing regulation with the use of regulation energy management. Phase 1 of the ISO's market simulation will not include outage management functionality or compliance monitoring of non-generator resources. Phase 2 of the market simulation will address the remainder of the non-generator resource model supporting the ability for non-generator resources to participate with or without the use of regulation energy management. Phase 2 will be open to participation by physical resources and will include outage management functionality and compliance monitoring for non-generator resources.

The ISO believes a successful market launch of regulation energy management and non-generator resource functionality outweighs any prejudice to parties that may result from granting the ISO an extension of time. Importantly, at this time, there are no physical resources requesting that the ISO move regulation energy management into

production by April 10, 2012. The ISO anticipates that some resources may come online during the summer and fall of 2012. But the ISO believes a phased market simulation can accommodate these resources' needs to conduct necessary testing.

### **III. Conclusion**

The ISO requires additional time to complete necessary software testing for regulation energy management. Accordingly, the ISO proposes to modify the effective date from April 10, 2012 until on or after November 27, 2012 for its tariff provisions applicable to regulation energy management and non-generator resource functionality. The ISO commits to provide two weeks prior notice to the Commission as to the actual effective date.

Respectfully submitted,

**By: /s/ Andrew Ulmer**

Nancy Saracino

General Counsel

Sidney M. Davies

Assistant General Counsel

Andrew Ulmer

Director, Federal Regulatory Affairs

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: (916) 608-7209

Fax: (916) 608-7222

[aulmer@caiso.com](mailto:aulmer@caiso.com)

Attorneys for the California Independent  
System Operator Corporation

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, 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, California this 3<sup>rd</sup> day of February, 2012.

*Anna Pascuzzo*

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