

176 FERC ¶ 61,081  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

August 6, 2021

In Reply Refer To:  
California Independent System  
Operator Corporation  
Docket No. ER21-2040-000

California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630

Attention: David S. Zlotlow

Dear Mr. Zlotlow:

1. On May 28, 2021, the California Independent System Operator Corporation (CAISO) submitted, pursuant to Rule 207 of the Commission's Rules of Practice and Procedure<sup>1</sup> and section 37.9.4 of CAISO's tariff, a Petition seeking Commission approval to distribute the penalty proceeds collected for violations of CAISO's Rules of Conduct and certain nonrefundable study deposits stemming from interconnection projects. We grant CAISO's Petition.

2. CAISO explains that the Rules of Conduct and related provisions set forth in section 37 of its tariff require it to collect penalties and to deposit such amounts into an interest-bearing trust account. CAISO states that, after the end of each calendar year, it allocates these proceeds, with accrued interest, to the scheduling coordinators of eligible market participants in accordance with the formula set forth in section 37.9.4 of its tariff. CAISO states that the formula is based on the product of: (a) the amount in the trust account, including interest; and (b) the ratio of the grid management charge payments by each scheduling coordinator on behalf of eligible market participants to the total grid management charge payments by all scheduling coordinators.<sup>2</sup> Further, CAISO explains

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<sup>1</sup> 18 C.F.R. § 385.207 (2020).

<sup>2</sup> CAISO Petition at 2.

that it must obtain the Commission's approval to distribute the penalty proceeds prior to any disbursement.<sup>3</sup>

3. CAISO also explains that the wholesale distribution tariff for Southern California Edison Company (SoCal Edison) requires interconnection study deposits not reimbursed to the interconnection customer or otherwise applied to interconnection study costs be remitted to CAISO. Those funds are also handled pursuant to CAISO tariff section 37.9.4.<sup>4</sup>

4. In the instant Petition, CAISO seeks approval to distribute the proceeds from penalties assessed during the 2020 calendar year, plus accrued interest. In Attachment A of its Petition, CAISO sets forth the calculation of the penalty proceeds.<sup>5</sup> CAISO states that it assessed \$2,707,168.51 in penalties for 2020. CAISO explains that once it receives Commission approval to distribute the penalty proceeds, the final interest amount will be recalculated to correspond to the actual day on which the distribution will occur.<sup>6</sup>

5. CAISO also seeks approval to distribute the interconnection study funds for 2020. CAISO sets forth the calculation of each scheduling coordinator's share of the interconnection funds in Attachment B.<sup>7</sup> CAISO notes that it calculated the allocation based on the *pro rata* share of the grid management charge payments made by scheduling coordinators without accounting for whether a scheduling coordinator was assessed a financial penalty under section 37 of its tariff during the relevant calendar year, consistent with its past practices. CAISO states that the total interconnection funds for 2020 are \$633,850.99. CAISO explains that, similar to the distribution of penalty revenues, once it receives Commission approval to distribute the interconnection funds, the final interest amount will be recalculated to correspond to the actual day on which the distribution will occur.<sup>8</sup>

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<sup>3</sup> *Id.* at 3 (citing CAISO, eTariff, section 37.9.4 Disposition of Proceeds (1.0.0)).

<sup>4</sup> *Id.* at 5.

<sup>5</sup> *Id.* at 4-5.

<sup>6</sup> *Id.* at 3.

<sup>7</sup> *Id.* at 6.

<sup>8</sup> *Id.* at 6.

6. Notice of CAISO's filing was published in the *Federal Register*, 86 Fed. Reg. 30,312 (June 7, 2021), with interventions and protests due on or before June 18, 2021. SoCal Edison submitted a timely motion to intervene and comments in support of the Petition. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2020), SoCal Edison's timely, unopposed motion to intervene serves to make it a party to this proceeding.

7. We find that CAISO's proposal to distribute penalty proceeds to scheduling coordinators, as set forth in Attachment A to its Petition, appears to be just and reasonable, and has not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. The methodology in CAISO's proposal is consistent with the relevant provisions in its tariff for allocating and distributing penalty proceeds to scheduling coordinators. Therefore, in accordance with section 37.9 of CAISO's tariff and consistent with prior Commission orders,<sup>9</sup> we grant CAISO's Petition to distribute penalty proceeds in accordance with Attachment A, subject to CAISO's final interest calculation.

8. We also find that CAISO's proposal to distribute the interconnection proceeds to scheduling coordinators, as stated in Attachment B of its Petition, appears to be just and reasonable, and has not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. The methodology in CAISO's proposal is consistent with section 37.9 of the tariff (i.e., the distribution is in proportion to the grid management charge), with the exception noted by CAISO (i.e., not accounting for whether a scheduling coordinator was assessed a financial penalty under section 37 of its tariff during the relevant calendar year). Also, our acceptance here is consistent with the Commission's disposition of prior CAISO filings where it proposed to distribute forfeited interconnection funds, with interest, pursuant to section 37.9 without accounting for whether or not a scheduling coordinator had been assessed a financial penalty under section 37 of the tariff during the relevant calendar year.<sup>10</sup> Therefore, in accordance with section 37.9 of CAISO's tariff and consistent with prior Commission orders, we

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<sup>9</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 170 FERC ¶ 61,184 (2020); *Cal. Indep. Sys. Operator Corp.*, 157 FERC ¶ 61,220 (2016); *Cal. Indep. Sys. Operator Corp.*, 151 FERC ¶ 61,099 (2015).

<sup>10</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 170 FERC ¶ 61,184 (2020); *Cal. Indep. Sys. Operator Corp.*, 157 FERC ¶ 61,220 (2016).

grant CAISO's Petition to distribute penalty proceeds in accordance with Attachment B, subject to CAISO's final interest calculation.<sup>11</sup>

By direction of the Commission.

Debbie-Anne A. Reese,  
Deputy Secretary.

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<sup>11</sup> CAISO may find it appropriate to propose, under section 205 of the Federal Power Act, a tariff revision to section 37 of its tariff to clarify the exception that applies to the distribution of these funds.