



August 18, 2014

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Compliance Filing**

Docket No. ER14-480-001

Dear Secretary Bose:

The California Independent System Operator Corporation (ISO) respectfully submits this compliance filing in response to the Commission's July 17, 2014, order¹ conditionally accepting the ISO's April 21, 2014, compliance filing related to the ISO's compliance with the Commission's Order No. 764.² The ISO respectfully requests that the Commission accept this compliance filing as filed.

I. Background

Prior to the ISO's Order No. 764 market reforms, which became effective May 1, 2014, variable energy resources in the ISO markets had the option of netting their real-time energy imbalances over a month if qualified as a participating intermittent resource. Through implementation of a fifteen-minute market, the need for such a monthly netting option is largely obviated. Some participating intermittent resources expressed concern that monthly netting was still necessary either because of physical or contractual limitations on the resource's ability to be dispatched. To provide a smoother transition to the new market design and to address these concerns, the ISO proposed transitional protective measures for existing participating intermittent resources that have a

¹ *Cal. Indep. Sys. Operator Corp.*, 148 FERC ¶ 61,023 (2014) (July 17 order).

² *Integration of Variable Energy Resources*, Order No. 764, FERC Stats. & Regs. ¶ 31,331, *order on reh'g*, Order No. 764-A, 141 FERC ¶ 61,232 (2012), *order on reh'g*, Order No. 764-B, 144 FERC ¶ 61,222 (2013) (Order No. 764).

limited ability to curtail output in response to an ISO dispatch instruction, either due to physical or contractual limitations.

For resources seeking protective measures due to contractual limitations, the ISO anticipated that the resource owner and the contractual counterparty might disagree as to whether the resource meets the eligibility requirements. The ISO, therefore, included tariff provisions outlining how such a dispute is to be resolved and what happens upon resolution. The ISO's April 21 filing proposed that upon resolution, protective measures settlements would be unwound only if both parties submitted a joint statement to the ISO requesting such an unwinding. The July 17 order found that requiring such a joint statement is unjust and unreasonable because it "creates an opportunity for one of the parties to unilaterally delay its participation and the subsequent refund."³ The Commission accordingly directed the ISO to submit "revised tariff language removing the joint statement requirement."⁴

II. Discussion

Through this compliance filing, the ISO removes the requirement in section 4.8.3.1.2.2 of its tariff that the contractual counterparties submit a joint statement requesting that PIRP protective measures be unwound in the event that a dispute resolution process concludes that the resource is ineligible to receive PIRP protective measures due to contractual limitations. Instead, the ISO will unwind protective measures automatically if the resource is deemed ineligible for protective measures.

The ISO proposes that section 4.8.3.1.2.2 conclude with the following language:

Upon resolution of the dispute, if the dispute resolution process yields a conclusion that the contract is not eligible for PIRP Protective Measures, the resource will resume its status as a Participating Intermittent Resource not subject to PIRP Protective Measures. The CAISO will ~~not undo any prior Settlement of unwind the PIRP Protective Measures unless the parties submit a joint statement in writing indicating that the parties agree that the PIRP Protective Measures settlement received during the term that the matter was in dispute should be unwound and resettled as if the PIRP Protective Measures were not received. In the event that the parties submit such a joint statement, the CAISO will unwind the Protective Measures~~ provided to the affected Scheduling Coordinator and will process such resettlement charges or payments through the existing resettlement procedures specified in Section 11.29.7. ~~Provided the joint statement is provided in a timely manner, t~~¹he CAISO will take all reasonable and necessary steps to include the resettlement on the next Recalculation

³ July 17 order at P 21.

⁴ *Id.*

Statement. In unwinding the Protective Measures received, any Scheduling Coordinator that received a payment for the PIRP Protective Measures under the contract in dispute will receive a charge in the amount of the payment previously received plus any interest that may apply under Section 11.29.10.2. Similarly, any Scheduling Coordinator that received a charge due to the provision of the PIRP Protective Measures under the contract in dispute will receive a payment in the amount of the payment previously received plus any interest that may apply under Section 11.29.10.2.

III. Communications

Correspondence and other communications regarding this filing should be directed to:

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IV. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachments:

- | | |
|--------------|---|
| Attachment A | Clean ISO tariff sheets incorporating this tariff amendment |
| Attachment B | Red-lined document showing the revisions contained in this tariff amendment |

V. Conclusion

For the reasons set forth in this filing, the ISO respectfully requests that the Commission accept this compliance filing as filed.

Respectfully submitted,

By: /s/ David S. Zlotlow

Roger E. Collanton

General Counsel

Anna McKenna

The Honorable Kimberly D. Bose

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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 captioned 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, California this 18th day of August, 2014.

/s/ Sarah M. Garcia
Sarah M. Garcia

Attachment A – Clean Tariff Sheets

Compliance Filing – ER14-480-001

California Independent System Operator Corporation

4.8.3.1.2.2 Contractual Limitations

A Participating Intermittent Resource or Qualifying Facility requesting PIRP Protective Measures because of contractual limitations as specified in Section 4.8.3.2.2.2, must submit a sworn affidavit by a representative of the Participating Intermittent Resource or Qualifying Facility, who that is authorized to bind the resource legally and financially. The affidavit must state that the resource is subject to a contract that meets the criteria specified in Sections 4.8.3.2.1 and 4.8.3.2.2.2. The Participating Intermittent Resource or Qualifying Facility must serve their affidavit electronically to the counterparty to the applicable contract on the same day the affidavit is submitted to the CAISO. A representative of the counterparty to the applicable existing bilateral agreement that is authorized to legally and financially bind the counterparty may also submit a sworn affidavit stating that the resource is subject to a contract that meets the criteria specified in Sections 4.8.3.2.1 and 4.8.3.2.2.2. The counterparty must serve the affidavit electronically on the Participating Intermittent Resource or Qualifying Facility on the same day the affidavit is submitted to the CAISO. Each party's respective affidavit must state that during the term of the three-year transition period, the party will engage in a good faith effort with the counterparty to address the existing contractual limitation specified in Section 4.8.3.2.2.2. In the event that the counterparty submits no affidavits within the thirty days, the CAISO deems the counterparty to have acquiesced to the request by the representative of the Participating Intermittent Resource, except if the Participating Intermittent Resource fails to serve the counterparty with the required documents within the prescribed time. If the counterparty later successfully demonstrates through a formal complaint filed at the Federal Energy Regulatory Commission that the Participating Intermittent Resource failed to serve the counterparty with the relevant materials as described in this Section, the CAISO will deny, and if appropriate reverse, any PIRP Protective Measures afforded to the requesting party. To the extent that the counterparty instead submits an affidavit by a representative of the company that is fully authorized to legally and financially bind the company stating that the resource's contract does not meet the criteria in Sections 4.8.3.2.1 and 4.8.3.2.2.2, the affidavit must also state that the Participating Intermittent Resource shall not suffer any economic or other repercussions under

the contract and because of the terms of the contract were the resource to participate fully in the CAISO Market, including through the submission of Economic Bid for economic curtailment. The representative of the Participating Intermittent Resource may choose to withdraw its request in light of the counterparty's affidavit or pursue resolution of a contractual dispute through a dispute resolution process specified in the relevant contract, or if none is available, through the process specified in Section 13 of the CAISO Tariff, or through any dispute resolution process available through the Federal Energy Regulatory Commission. During the term that the contract is in dispute, the resource will be subject to PIRP Protective Measures provided it meets all the other criteria specified in this Section 4.8.3. Upon resolution of the dispute, if the dispute resolution process yields a conclusion that the contract is not eligible for PIRP Protective Measures, the resource will resume its status as a Participating Intermittent Resource not subject to PIRP Protective Measures. The CAISO will unwind the Protective Measures provided to the affected Scheduling Coordinator and will process such resettlement charges or payments through the existing resettlement procedures specified in Section 11.29.7. The CAISO will take all reasonable and necessary steps to include the resettlement on the next Recalculation Statement. In unwinding the Protective Measures received, any Scheduling Coordinator that received a payment for the PIRP Protective Measures under the contract in dispute will receive a charge in the amount of the payment previously received plus any interest that may apply under Section 11.29.10.2. Similarly, any Scheduling Coordinator that received a charge due to the provision of the PIRP Protective Measures under the contract in dispute will receive a payment in the amount of the payment previously received plus any interest that may apply under Section 11.29.10.2.

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Attachment B – Marked Tariff Sheets

Compliance Filing – ER14-480-001

California Independent System Operator Corporation

4.8.3.1.2.2 Contractual Limitations

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