



California Independent
System Operator Corporation

August 4, 2021

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

**Re: California Independent System Operator Corporation
Docket No. ER21-1790-___**

**Supplemental Compliance Filing – Market Enhancements for
Summer 2021 – Load, Export, and Wheeling Through Priorities**

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO) submits this filing (Supplemental Compliance Filing) to amend and supplement the compliance filing it submitted in this proceeding on July 26, 2021 (Compliance Filing).¹ The Supplemental Compliance Filing adds one new sentence to proposed tariff section 31.4.1 to ensure there is no misunderstanding regarding the scope and intent of that tariff revision. Specifically, the CAISO clarifies that its authority to make temporary changes to the scheduling parameter values does not allow the CAISO to change the relative scheduling run priorities in the tariff.

The CAISO requests that the Commission accept the Compliance Filing, as amended and supplemented by the instant filing, as compliant with the “Order Accepting Tariff Revisions, Subject to Compliance Filing” issued in this proceeding on June 25, 2021.² The CAISO also requests that the Commission accept the tariff revisions contained in the Compliance Filing and this Supplemental Compliance Filing effective

¹ References herein to specific sections are references to sections in the CAISO tariff.

² *Cal. Indep. Sys. Operator Corp.*, 175 FERC ¶ 61,245 (2021) (June 25 Order).

no later than August 31, 2021, consistent with the revised effective date the CAISO requested in the petition for limited waiver it filed in this proceeding on July 28, 2021.³

I. Background

On April 28, 2021, the CAISO submitted a tariff amendment in this proceeding to modify load, export, and wheeling through priorities in the day-ahead and real-time market optimization processes and implement other market rules (Tariff Amendment). The Commission accepted the proposed tariff revisions in the June 25 Order. However, the Commission also found that “the penalty pricing parameters that determine the relative scheduling priorities of transactions in the CAISO market optimization software must be in the Tariff.” The Commission concluded such penalty prices significantly affect the conditions of transmission service on the CAISO grid. Accordingly, the Commission directed the CAISO to submit a compliance filing within 30 days of the June 25 Order that “incorporates the penalty pricing parameters associated with the revised scheduling priorities into the relevant sections of the CAISO tariff.”⁴

To comply with the June 25 Order, the CAISO submitted tariff revisions in the Compliance Filing that reflected the penalty pricing parameters associated with the revised scheduling priorities. The proposed tariff revisions included the addition of tables to existing tariff sections 31.4, 34.12.1, and 34.12.2 listing the revised scheduling priorities and their associated penalty pricing parameters. Specifically, each of those tables contains three columns: a column entitled “Scheduling Run Priority,” which lists rows of revised scheduling priorities, followed by two columns that list rows of penalty pricing parameter values (*i.e.*, dollar amounts or the words “Not Applicable”) associated with the revised scheduling priorities. The CAISO referred to the penalty pricing parameter values as scheduling parameter values.⁵

The tariff revisions in the Compliance Filing also included a new tariff section 31.4.1 to provide “a process for making temporary changes to the scheduling parameter values specified in sections 31.4, 34.12.1, and 34.12.2 (referred to hereinafter as the ‘Parameter Change Provision’).”⁶ The CAISO explained that the Parameter Change Provision is consistent with the finding in the June 25 Order that the penalty pricing

³ As the June 25 Order requires, the CAISO will notify the Commission of the actual effective date of the tariff provisions within five business days after the CAISO implements them.

⁴ *Id.* at P 167.

⁵ Transmittal letter for Compliance Filing at 2-5; Compliance Filing, attachment B, revised tariff sections 31.4, 34.12.1, and 34.12.2.

⁶ Transmittal letter for Compliance Filing at 6; Compliance Filing, attachment B, new tariff section 31.4.1.

parameter values (*i.e.*, the scheduling parameter values) must be included in the tariff.⁷ The CAISO stated that the Parameter Change Provision “will allow the CAISO to modify the scheduling run parameters when necessary to ensure feasible market solutions or avoid future operational or reliability problems the resolution of which would require recurring operator intervention outside of normal market scheduling procedures.”⁸ As explained in the Compliance Filing, other independent system operators (ISOs) and regional transmission organizations (RTOs) have tariff provisions permitting them to make temporary changes to the transmission constraint penalty factor values specified in their tariffs.⁹ Further, in Order No. 844, where the Commission required each ISO and RTO to include in its tariff its transmission constraint penalty factor values, the Commission also permitted them to include any procedures for temporarily changing such values with “notice of the change to market participants.”¹⁰ The proposed Parameter Change Provision also tracks the CAISO’s current authority to change the penalty pricing parameter values on an expedited basis in emergency situations without following the usual procedure for revising the business practice manual. The CAISO requested that the Commission accept the tariff revisions contained in the Compliance Filing effective July 30, 2021.¹¹

After the CAISO submitted the Compliance Filing, some stakeholders expressed concern about the potential scope of the Parameter Change Provision. They suggested the Parameter Change Provision might be interpreted as allowing the CAISO to change temporarily not only the scheduling parameter values (*i.e.*, the dollar amounts shown in the second and third columns of the new tables in revised tariff sections 31.4, 34.12.1, and 34.12.2), but also the revised scheduling priorities in the tariff (*i.e.*, the scheduling priorities shown in the first column of the new tables).

⁷ On July 26, 2021, the CAISO filed a motion for clarification or in the alternative request for rehearing of the June 25 Order to confirm it is appropriate to include the Parameter Change Provision in the Compliance Filing.

⁸ Transmittal letter for Compliance Filing at 6-7.

⁹ Midcontinent Independent System Operator Tariff, Schedule 28A, § 3.3; New York Independent System Operator, Inc. Market Administration and Control Area Services Tariff, § 17.1.4; PJM Interconnection, L.L.C. Open Access Transmission Tariff, Attachment K –Appendix, § 5.6.3.

¹⁰ *Uplift Cost Allocation and Transparency in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 844, 163 FERC ¶ 61,041, at PP 121-22 (2018).

¹¹ *Id.* at 8.

II. Supplemental Compliance Filing

The intent of the Parameter Change Provision contained in the Compliance Filing was solely to allow the CAISO to make temporary changes to the scheduling parameter values shown in the second and third columns of the new tables in revised tariff sections 31.4, 34.12.1, and 34.12.2. The CAISO did not intend the provision to allow it also to make temporary changes to the revised scheduling priorities in the tariff without Commission approval of a tariff amendment under section 205 of the Federal Power Act. The express language of the Parameter Change Provision proposed in the Compliance Filing reflects this intent by stating the CAISO may invoke the Parameter Change Provision “[i]f the CAISO determines it is necessary to modify *the scheduling run parameter values* in sections 31.4, 34.12.1, or 34.12.2 . . .”¹² The proposed Parameter Change Provision does not state that the CAISO can also change the revised scheduling priorities.¹³

Given stakeholder feedback the CAISO has received since submitting the Compliance Filing, the CAISO seeks to ensure there is no misunderstanding regarding the scope of its authority under the Parameter Change Provision. Accordingly, the CAISO proposes to add the following sentence to the end of the Parameter Change Provision in section 31.4.1: “This section does not authorize the CAISO to change the scheduling run parameter values in a manner that changes the relative scheduling run priorities specified in sections 31.4, 34.12.1, and 34.12.2.”¹⁴ Adding the quoted sentence appropriately clarifies the CAISO’s authority under the Parameter Change Provision. Further, the addition is consistent with the compliance directive in the June 25 Order.

III. Effective Date

As noted above, the CAISO requested that the Commission accept the Compliance Filing effective July 30, 2021. However, after the CAISO submitted the Compliance Filing, it submitted a petition for limited waiver requesting the Commission permit the CAISO to implement the majority of the tariff revisions in the Tariff Amendment (which the CAISO referred to as the July 15 Tariff Revisions) effective no later than August 31, 2021, subject to the CAISO notifying the Commission of the actual implementation date within five business days of implementation.¹⁵

¹² Compliance Filing, attachment B, new tariff section 31.4.1 (emphasis added).

¹³ Existing tariff section 34.12.2 states that “[t]hese dispatch priorities as defined in the RTM [real-time market] optimization may be superseded by operator actions and procedures as necessary to ensure reliable operations.” The revised scheduling priorities will be subject to this provision in existing tariff section 34.12.2.

¹⁴ Tariff section 31.4.1 as revised by this Supplemental Compliance Filing.

¹⁵ CAISO petition for limited waiver, Docket No. ER21-1790-004, at 2-3 (July 28, 2021).

Consistent with the petition for limited waiver, the CAISO requests that the Commission accept the tariff revisions contained in the Compliance Filing and this Supplemental Compliance Filing effective as of the same date as the July 15 Tariff Revisions, *i.e.*, no later than August 31, 2021.

IV. Materials Provided in this Supplemental Compliance Filing

In addition to this transmittal letter, this Supplemental Compliance Filing includes:

Attachment A	Clean CAISO tariff sheet reflecting the revision described above
Attachment B	Red-lined CAISO tariff sheet reflecting the revision described above

V. Conclusion

For the reasons set forth above, the CAISO requests that the Commission accept the tariff revisions contained in the Compliance Filing and this Supplemental Compliance Filing effective no later than August 31, 2021.

Respectfully submitted,

/s/ Anthony Ivancovich

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document on 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 4th day of August, 2021.

/s/ Jacqueline Meredith
Jacqueline Meredith

Attachment A – Clean Tariff

Supplemental Compliance Filing – Load, Exports, and Wheeling Through

California Independent System Operator Corporation

August 4, 2021

31.4.1 Temporary Changes to Scheduling Run Parameter Values

If the CAISO determines it is necessary to modify the scheduling run parameter values in sections 31.4, 34.12.1, or 34.12.2 to ensure the market clearing solution is feasible or avoid operational or reliability problems the resolution of which would otherwise require recurring operator intervention outside normal scheduling and market procedures, it may temporarily modify the value for a period up to ninety days, provided however CAISO will file such change with FERC under Section 205 of the Federal Power Act within thirty days of such modification. If circumstances reasonably allow, CAISO will consult with FERC and the CAISO's Market Monitoring Unit before implementing such modification. In all circumstances, the CAISO will (i) consult with those entities as soon as reasonably possible after implementing a temporary modification, and (ii) notify Market Participants of any temporary modification and explain the reasons for the change. This section does not authorize the CAISO to change the scheduling run parameter values in a manner that changes the relative scheduling run priorities specified in sections 31.4, 34.12.1, and 34.12.2.

Attachment B – Marked Tariff

Supplemental Compliance Filing – Load, Exports, and Wheeling Through

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**** The black text below was filed in the July 26, 2021 Compliance filing and is still pending. In this Supplemental Compliance filing, the California ISO is adding the sentence in redline ****

31.4.1 Temporary Changes to Scheduling Run Parameter Values

If the CAISO determines it is necessary to modify the scheduling run parameter values in sections 31.4, 34.12.1, or 34.12.2 to ensure the market clearing solution is feasible or avoid operational or reliability problems the resolution of which would otherwise require recurring operator intervention outside normal scheduling and market procedures, it may temporarily modify the value for a period up to ninety days, provided however CAISO will file such change with FERC under Section 205 of the Federal Power Act within thirty days of such modification. If circumstances reasonably allow, CAISO will consult with FERC and the CAISO's Market Monitoring Unit before implementing such modification. In all circumstances, the CAISO will (i) consult with those entities as soon as reasonably possible after implementing a temporary modification, and (ii) notify Market Participants of any temporary modification and explain the reasons for the change. This section does not authorize the CAISO to change the scheduling run parameter values in a manner that changes the relative scheduling run priorities specified in sections 31.4, 34.12.1, and 34.12.2.