

156 FERC ¶ 61,093  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

August 4, 2016

In Reply Refer To:  
California Independent System  
Operator Corporation  
Docket No. ER16-1649-003

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

Attention: Anna M. McKenna

Dear Ms. McKenna:

1. On July 1, 2016, the California Independent System Operator Corporation (CAISO) filed a petition for limited tariff waiver (Petition) to modify the effective date of certain tariff provisions that were accepted in the Commission's June 1, 2016 order.<sup>1</sup> Specifically, CAISO seeks to delay the effectiveness of the tariff provisions implementing the use of a new natural gas price index to calculate commitment costs, generated bids, and default energy bids in the day-ahead market, from July 6, 2016 until no later than August 5, 2016.<sup>2</sup>
2. In the Petition, CAISO states that it is in the process of seeking to confirm whether the natural gas price index conforms to the Commission's policy statement on natural gas and electric price indices.<sup>3</sup> CAISO states that by August 5, 2016, it will either:

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 155 FERC ¶ 61,224 (2016) (June 1 Order).

<sup>2</sup> CAISO states that its waiver request applies to the revisions to sections 39.7.1.1.1.3(a)-(b), 30.4.1.2(b), and 31.6.1(v) of the CAISO tariff accepted in the June 1 Order.

<sup>3</sup> *Id.* P 12 n.14 (citing *Policy Statement on Natural Gas and Electric Price Indices*, 104 FERC ¶ 61,121, *order on clarification*, 105 FERC ¶ 61,282 (2003) (Policy Statement)).

(1) confirm that use of this price index conforms to the Policy Statement and endeavor to implement the tariff revisions; or (2) submit a filing seeking alternative relief. CAISO states that good cause exists to grant this waiver. CAISO states that its waiver request is of limited scope because it will apply for no more than 30 days and remedies the concrete problem that CAISO cannot implement the tariff provisions by July 6, 2016 because it has not yet verified that the natural gas price index satisfies the requirements of the Policy Statement. Further, CAISO states that granting the waiver will not have undesirable consequences because it will maintain the status quo of day-ahead gas calculation procedures set forth in the existing tariff.<sup>4</sup>

3. Notice of CAISO's Petition was published in the *Federal Register*, 81 Fed. Reg. 45,142 (2016), with protests and interventions due on or before July 15, 2016. None was filed.

4. The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.<sup>5</sup> We find that CAISO's unopposed petition to delay the effective date of its new natural gas price index to no later than August 5, 2016 satisfies the foregoing criteria. First, based on CAISO's representations, we find that CAISO has acted in good faith to confirm that the new natural gas price index satisfies the requirements of the Policy Statement. Second, we find that CAISO's request is limited in scope, because it will apply until August 5, 2016 at the latest and retains the status quo during this limited period. Third, we find that this waiver addresses the concrete problem that CAISO could not effectively implement the tariff revisions by July 6, 2016 due to the need to verify that the new natural gas price index conforms to the Policy Statement. Fourth, we find that CAISO's request for waiver will prevent undesirable consequences by ensuring that CAISO has sufficient time to verify that it is using a price index that satisfies the requirements of the Policy Statement or to request alternative relief. For these reasons, we grant CAISO's request for waiver, as discussed herein. We direct CAISO to reflect

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<sup>4</sup> CAISO Petition at 5-7.

<sup>5</sup> See, e.g., *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 14 (2016); *Calpine Energy Serv., LP*, 154 FERC ¶ 61,082, at P 12 (2016); *New York Power Auth.*, 152 FERC ¶ 61,058, at P 22 (2015).

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the actual effective date of the new natural gas price index provisions in its tariff in a compliance filing within 15 days of the date of this order.<sup>6</sup>

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>6</sup> CAISO's compliance filing should include tariff revisions indicating that sections 39.7.1.1.1.3(c)-(d) will retain the July 6, 2016 effective date.

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