

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

**California Independent System                    ) Docket No. ER21-1266-000  
Operator Corporation                                )**

**MOTION TO INTERVENE AND COMMENTS  
OF THE DEPARTMENT OF MARKET MONITORING  
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§385.212, 385.214, the Department of Market Monitoring (“DMM”), acting in its capacity as the Independent Market Monitor for the California Independent System Operator Corporation (“CAISO”), submits this motion to intervene and comment in the above-captioned proceeding.

**I. MOTION TO INTERVENE**

DMM respectfully requests that the Commission afford due consideration to these comments and motion to intervene, and afford DMM full rights as a party to this proceeding. Pursuant to the Commission’s Order 719, the CAISO tariff states that “DMM shall review existing and proposed market rules, tariff provisions, and market design elements and recommend proposed rule and tariff changes to the CAISO, the CAISO Governing Board, FERC staff, the California Public Utilities Commission, Market Participants, and other interested entities.”<sup>1</sup> As this proceeding involves CAISO tariff provisions which affect the efficiency of CAISO markets, it implicates matters within DMM’s purview.

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<sup>1</sup> CAISO Tariff Appendix P, Section 5.1.

## II. COMMENTS

In this tariff filing, the CAISO proposes revisions to redefine operations and maintenance (O&M) costs used in reference levels as the variable operations and maintenance cost associated with committing a resource or generating incremental energy. These reference levels are inputs to market power mitigation, are used to cap commitment cost bids and are included in the cost-based energy bids to which a resource may be mitigated.

The CAISO proposal defines new reference values as variable O&M adders, which can include (1) a variable start-up O&M adder, (2) a variable minimum load O&M adder, or (3) a variable energy O&M adder, or any combination. Currently, O&M costs are calculated on a per \$/MWh basis and include both operations and maintenance costs. These O&M costs are intended to include variable costs incurred per MWh of energy generated and are included in cost based energy bids used in mitigation and in determining cost-based caps for minimum load energy. There are default values for these O&M values, or participants may seek to have these calculated, supported and reviewed for each plant on a case-by-case basis.

Under the current framework, some maintenance costs can be included in either Major Maintenance Adders (MMA) or O&M costs, and the potential exists for inclusion of some maintenance costs in both MMAs and O&M values. By establishing a single maintenance cost category, and clearly defining the maintenance costs which may be included, the new framework will eliminate any duplication of maintenance costs in reference levels. DMM supports this change because it will allow market participants to reflect operations and maintenance costs in reference levels more precisely than current tariff regulations allow.

In addition, the CAISO is proposing to update default values for energy maintenance references and to add default values for minimum load and start up maintenance costs which have been calculated based on a consistent classification of different types of maintenance costs for some technology and fuel types. Participants may opt to use these default values and may still seek to have these be calculated and reviewed for each plant on a case-by-case basis. DMM supports these revisions. Adding default values will reduce the administrative burden of negotiation on both the CAISO and market participants. The proposed default values have an empirical basis and were reviewed extensively in the stakeholder process associated with this initiative.

DMM currently acts as the CAISO's agent in working with participants to review and develop maintenance cost adders and has expertise in this area. DMM's comments are based on DMM's experience reviewing MMA applications and addressing issues that arise during the MMA review process. DMM supports the CAISO's effort to clarify definitions of variable operations and maintenance costs, to update the current default variable operations adder, and to establish a default commitment cost maintenance adder.

### **III. CONCLUSION**

DMM respectfully requests that the Commission afford due consideration to these comments as it evaluates the proposed tariff provisions before it.

Respectfully submitted,

**/s/ Eric Hildebrandt**

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Independent Market Monitor for the California  
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Dated: March 24, 2021

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced 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 24<sup>th</sup> day of March, 2021.

*/s/ Amelia Blanke*  
Amelia Blanke