

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

California Independent System) Docket No. ER15-861-006
Operator Corporation)

**PETITION FOR LIMITED TARIFF WAIVER TO MODIFY EFFECTIVE DATE
AND REQUEST FOR SHORTENED COMMENT PERIOD OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) respectfully requests a temporary suspension of the effectiveness, or limited waiver, of the tariff revisions accepted in the order issued in this proceeding on December 17, 2015.¹ In that order, the Commission conditionally accepted the CAISO’s proposed modifications to its Energy Imbalance Market (EIM) tariff provisions to automate the recognition of “Available Balancing Capacity” from EIM participants, to become effective January 5, 2016. The CAISO has determined that it cannot implement the Available Balancing Capacity mechanism on January 5, 2016 because of certain implementation challenges. Therefore, the CAISO requests that the Commission grant the CAISO a limited tariff waiver to suspend the effectiveness of the modifications accepted in its December 17 Order until no later than March 1, 2016. Based on its current assessment, the CAISO expects that it can implement the Available Balancing Capacity procedure on February 16, 2016. But because further complications may arise during additional testing, the CAISO requests that the Commission

¹ *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,305 (2015) (December 17 Order). The CAISO submits this petition for limited waiver pursuant to Rule 207 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.207.

grant a waiver of the tariff revisions until no later than March 1. The CAISO will issue a market notice informing participants as to the actual implementation date if it determines that it cannot meet the intended February 16 implementation target.

Good cause exists for the Commission to find that this petition satisfies its waiver criteria. The waiver is of limited scope in that it will apply, at most, for approximately 60 days. The waiver will also remedy the concrete problem that the CAISO cannot effectively implement the tariff revisions by January 5, 2016. Further, the waiver will not have undesirable consequences, because it will maintain the status quo. For these reasons, the Commission should grant the petition.

Because of the limited amount of time before the current effective date of January 5, 2016, the CAISO respectfully requests that the Commission provide for a shortened comment period of no more than 7 calendar days from the date of this filing, *i.e.*, no later than December 30, 2015.

I. Background

On August 19, 2015, the CAISO filed proposed tariff modifications to provisions governing the operation of the CAISO's EIM to implement the Available Balancing Capacity mechanism. The Available Balancing Capacity mechanism will enhance EIM functionality by allowing the EIM to automatically recognize and account for capacity that EIM participants have available to maintain reliable operations in their own balancing authority areas, thereby

reducing the chance that the EIM will encounter an infeasibility based on false scarcity conditions.

On September 24, 2015, the Commission issued a deficiency letter requesting more information regarding the CAISO's Available Balancing Capacity proposal. On October 21, 2015, the CAISO filed its response to the September 24 letter in which it clarified certain aspects of the Available Balancing Capacity proposal and requested an effective date of January 5, 2016 for the implementing tariff modifications.

In its December 17 Order, the Commission accepted the Available Balancing Capacity proposal to be effective January 5, 2016.²

II. Need for Tariff Waiver to Suspend Effective Date

Upon receipt of the Commission's issuance of the December 17 Order, the CAISO began evaluating the order's impact on software and other implementation changes necessary to put the Available Balancing Capacity mechanism into effect. While the order does not modify the CAISO's proposal and the CAISO had tested the functionality during its pre-fall 2015 software release readiness activities, the CAISO's most recent evaluation has led it to conclude that it cannot implement the feature on January 5, 2016, as it had previously anticipated.

Further testing of the CAISO's software revealed that the Available Balancing Capacity feature may conflict with the optimal transitions of multi-stage generating resources that EIM scheduling coordinators identify as Available

² See December 17 Order at Ordering Paragraph (A).

Balancing Capacity. As currently configured and under certain conditions, the software cannot move multi-stage generating resources into their optimal configuration if any of their capacity is designated as Available Balancing Capacity. The CAISO considered taking work-around measures to deal with this software limitation but found none to be reliable given that they would require the CAISO to rely more heavily on manual dispatches. Because of the large number of EIM resources registered as multi-stage generating resources, the CAISO determined it is not prudent to proceed with the implementation of the Available Balancing Capacity mechanism until this software issue can be resolved.

The CAISO and its vendor have found a solution to address the issue, but given the holiday schedule, the solution will not be available until late January. The mathematical solution requires removing the protection cost of the Available Balancing Capacity from the objective function when the resource is economically transitioning from one configuration to the other. Factoring in necessary time for delivery and testing of this important solution, the CAISO has determined that implementation will require additional time.

The CAISO also recently determined that it needs to test the performance of the Available Balancing Capacity feature when the EIM entity has issued a contingency dispatch. While the CAISO has not observed a software issue related to this function, the CAISO must ensure that there is no conflict with EIM transfer limits when the EIM entity is declares a contingency situation.

The CAISO is also working closely with the EIM entities and the EIM participating resource scheduling coordinators to ensure that the resources an

EIM Entity may designate as Available Balancing Capacity are appropriately identified in the CAISO master file and systems. The CAISO has also received requests for additional testing of the feature with specific resources from EIM entities and EIM participating resource scheduling coordinators. Taking the time needed to perform this additional testing will ensure that the registration of the resources does not cause unnecessary market anomalies and will provide more time to test special boundary cases such as contingency situations.

Finally, in addition to approving the Available Balancing Capacity mechanism, the Commission directed EIM entities to log and the CAISO to collect relevant data from each EIM entity, for both the 15- and 5-minute markets, on the frequency and magnitude of an EIM entity's use of load biasing, load forecast adjustments, the reason for the adjustments, as well as any alternatives considered.³ In compliance with this requirement, the CAISO is working with the EIM entities to develop technical features such as drop-down menus that will assist the operators in implementing the logging requirements. The CAISO is also developing procedures to retain the load biasing documentation and provide this information to the CAISO's Department of Market Monitoring (DMM) in a seamless manner that will enable the DMM to monitor and evaluate this information and include an analysis of the impacts of EIM entities' use of load biasing on the EIM in the DMM's public Quarterly Report on Market Issues and Performance. The CAISO expects it and the EIM entities will be prepared to

³ *Id.* at P 128.

commence logging and retaining this information prospectively, concurrent with the implementation of the Available Balancing Capacity feature.

Given these challenges, the CAISO has determined that it will be able to implement the Available Balancing Capacity mechanism by no later than March 1, 2016. Based on its current impact evaluation, the CAISO estimates that it will be able to implement the Available Balancing Capacity mechanism and commence the load biasing data collection on February 16, 2016.⁴ However, because further complications may arise during this process of testing and deployment, the CAISO is requesting a limited waiver until no later than March 1, 2016 as discussed below.

Subject to the Commission's issuance of an order granting the CAISO's requested limited waiver, the CAISO will issue a market notice if it determines that the February 16, 2016 implementation date is not feasible, and will at such time provide a precise date on which it will implement the Available Balancing Capacity proposal, with at least 7 calendar days' advance notice.

III. Petition for Limited Tariff Waiver

Good cause exists for the Commission to grant a limited waiver to suspend the effectiveness of the tariff revisions accepted in the December 17 Order until no later than March 1, 2016. The Commission has previously granted requests for tariff waivers in situations where (1) the waiver is of limited scope; (2) a concrete problem needs to be remedied; and (3) the waiver did not have

⁴ In addition to the challenges stated above, the CAISO also selected the February 16 date in light of the need to coordinate with the deployment of the network model upgrade, which is scheduled to occur on February 11, 2016.

undesirable consequences, such as harming third parties.⁵ This waiver petition meets all three conditions.

The waiver is of limited scope in that it will apply for no more than approximately 60 days, from January 5, 2016 until no later than March 1, 2016. The CAISO will issue a market notice and make an informational filing with the Commission when it implements the tariff revisions.⁶ The waiver will also remedy the concrete problem that the CAISO will not be able to effectively implement the Available Balancing Capacity mechanism by January 5, 2016, because of the significant software variances recently identified, the need for additional testing and validation of resources selected as Available Balancing Capacity, and the need to coordinate with the deployment of the next network upgrade. Further, the waiver will not have undesirable consequences, because the existing waiver of the CAISO's pricing parameters will remain in effect pending the implementation of the Available Balancing Capacity proposal, pursuant to the Commission order issued in this proceeding on June 19, 2015.⁷ This waiver will effectively maintain the status quo for a short period while allowing the CAISO to implement the tariff revisions as expeditiously as possible. Therefore, good cause exists to grant the CAISO's request for limited waiver of the current effective date of January 5 for the tariff revisions.

⁵ See, e.g., *N.Y. Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,061, at P 19 (2014); *PJM Interconnection, L.L.C.*, 146 FERC ¶ 61,041, at P 5 (2014); *ISO New England, Inc.*, 134 FERC ¶ 61,182, at P 8 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,004, at P 10 (2010).

⁶ The Commission has authorized such an approach in granting prior tariff waiver requests. See, e.g., *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,285 (2014); *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,138 (2015).

⁷ *Cal. Indep. Sys. Operator Corp.*, 151 FERC ¶ 61,247 (2015).

IV. Request for Shortened Comment Period

Because of the limited amount of time before the current effective date of January 5, 2016, the CAISO respectfully requests that the Commission provide for a shortened comment period regarding this petition for limited tariff waiver of no more than 7 calendar days from the date of this filing, *i.e.*, no later than December 30, 2015.

V. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to grant a limited waiver to suspend the effectiveness of the tariff revisions to implement the Available Balancing Capacity mechanism accepted in this proceeding, until no later than March 1, 2016, and to grant a shortened comment period of no more than 7 calendar days from the date of this filing.

Respectfully submitted,

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Dated: December 23, 2015

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed in the official service list for the above-referenced 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 Washington, DC this 23rd day of December, 2015

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas