

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

**California Independent System            )           Docket No. ER14-2372-000  
Operator Corporation                    )**

**PETITION FOR LIMITED TARIFF WAIVER OF THE CALIFORNIA  
INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“CAISO”)<sup>1</sup> respectfully requests an additional temporary suspension of the effectiveness, or limited waiver, of the tariff revisions accepted in this proceeding.<sup>2</sup> The Commission accepted the tariff revisions to become effective as of December 1, 2014 and to be implemented on a date by December 31, 2014. The CAISO requests this limited waiver to permit the tariff revisions to be implemented on a later date, by February 28, 2015. The CAISO anticipates that it will implement the tariff revisions on February 3 and commits to submit an informational filing in this proceeding seven days in advance of the implementation of the tariff revisions. The CAISO respectfully requests that the Commission set a comment date of December 12, 2014, in order to provide sufficient time for the Commission to issue an order as expeditiously as possible before December 31, 2014.

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<sup>1</sup> The CAISO submits this petition for waiver pursuant to Rule 207 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.207. Capitalized terms not otherwise defined herein have the meanings set forth in the CAISO tariff.

<sup>2</sup> See *California Independent System Operator Corp.*, 148 FERC ¶ 61,168 (2014) (“September 29 order”); *California Independent System Operator Corp.*, 149 FERC ¶ 61,010 (2014) (“October 2 order”).

Good cause exists for the Commission to grant this request. As explained below, the waiver is necessary to allow more time for the CAISO to maintain stabilized system operations before the next major system change. The CAISO's processes and systems have recently undergone major changes and are still in a transitional period. Allowing additional time for the CAISO to address the transitional issues and operate under the new structure, before the outage management system is deployed, will avoid possible software complications and smooth implementation of the outage management process changes.

Deferring implementation of the outage management system until February 2015 will also align with Peak Reliability's schedule for upgrading its outage program with changes that will efficiently interface and exchange outage data with the CAISO's new outage management system.

Further, a later implementation date will avoid the CAISO going live with the outage management system before market participants have had the opportunity to stabilize their systems once the last modifications to the outage software have been delivered, or to conduct staff training using the final application. The new outage management system still has some software variances that are being addressed; however, market participants have appropriately requested a stabilization period for their systems after the variances affecting business-to-business system integration have been resolved. During the waiver period, the CAISO and market participants will continue to perform market simulation to achieve the needed quality for the end-to-end system.

## **I. Background**

On July 7, 2014, the CAISO filed revisions to its tariff to enhance the outage management process, change the timeline for scheduling coordinators to submit planned outages, and revamp the outage options available to scheduling coordinators for resource adequacy resources. The CAISO requested that the Commission accept the tariff revisions effective September 22, 2014. In the September 29 order, the Commission accepted the tariff revisions and the originally requested effective date.

On September 11, 2014, the CAISO filed a request to modify the effective date of the tariff revisions from September 22 to December 1, 2014. The CAISO explained that good cause existed to grant the request because it was necessary to accommodate the requests of market participants for additional time to modify their software and outage procedures, and train personnel, prior to the implementation of the enhanced outage management system. The Commission granted the CAISO's request in the October 2 order.

On November 17, 2014, the CAISO filed a request to modify the effective date of the tariff revisions from December 1, which is immediately after the Thanksgiving Day holiday weekend, to a date later in December. The CAISO explained that market participants stated that this modest change in the implementation date would make it more workable for them to satisfy the requirements of the enhanced outage management system reflected in these tariff revisions. On December 1, the Commission issued an Order that granted the CAISO's unopposed waiver request and permitted the tariff revisions,

accepted to be effective on December 1, 2014, to be implemented on either the date the CAISO notifies the Commission that the outage management system is operational, or December 31, 2014, whichever occurs first.

## **II. Request for Limited Tariff Waiver**

Good cause exists for the Commission to grant a limited waiver to permit the outage management tariff revisions the Commission accepted to become effective as of December 1, 2014, to be implemented on a date by February 28, 2015.

The waiver should be granted to allow a longer period of time of between the implementation of the significant changes to CAISO systems this Fall and the deployment of the outage management system. The CAISO is concerned that going live with the new outage management system at this time will introduce unnecessary complexity and risk to production operations. The CAISO recently implemented a new full network model, the new interchange transaction scheduler system, and the energy imbalance market (“EIM”) which is still in a transitional period. These complex changes affect the end-to-end system from bidding to billing. On November 13, 2014, the CAISO filed a petition for limited tariff waiver and request for expedited consideration in the EIM proceeding.<sup>3</sup> Specifically, the CAISO requested a 90-day waiver of certain pricing parameters

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<sup>3</sup> See *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231 (2014) (conditionally accepting tariff revisions to implement EIM); *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,058 (2014) (order denying requests for rehearing, granting in part and denying in part requests for clarification, and conditionally accepting tariff revisions on compliance with regard to order listed above); Commission Letter Order, 149 FERC ¶ 61,005 (Oct. 2, 2014) (order granting CAISO request to extend effective date of EIM tariff revisions from September 23, 2014, to October 24, 2014, for trading day November 1, 2014).

in the tariff in response to temporary anomalies associated with the initial startup of EIM operations. That requested waiver is intended to allow the CAISO to address the transitional circumstances through additional tools and further process changes without subjecting market participants to unnecessary and unrepresentative high prices.<sup>4</sup>

Deferring the implementation of OMS until later in the full network model and EIM transitional period is a reasonable and necessary risk management step that far outweighs the value of delivering OMS now. The new outage management system introduces complex changes that affect the end-to-end system interacting with the full network model, the market software, the energy management systems, resource adequacy, settlements, and other downstream systems. For example, the data that market participants will be required to enter into the outage management system includes detailed modeling data that will flow into the market and energy management systems.<sup>5</sup> The failure of a market participant either to provide the required detailed information or to enter accurate information will be introduced into the market software and could produce anomalous results and market solutions at the very time when the CAISO is

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<sup>4</sup> CAISO Petition for Limited Tariff Waiver and Request for Expedited Consideration, p. 2.

<sup>5</sup> As an EIM Entity, PacifiCorp enters outage information for its balancing authority area into the CAISO's outage management system. The data PacifiCorp provides, however, is limited to information about outages that PacifiCorp has already reviewed and approved. The CAISO has not yet activated the outage management system for market participants within its balancing authority area under the tariff revisions approved in this proceeding. Upon activation of that functionality, market participants will be required to submit outage requests, with detailed information for specified outage types that the CAISO will review and manage.

addressing the transitional circumstances that arose in the full network model implementation and the EIM. Allowing additional time for stabilized operations under the new structure before the next major system change would mitigate the risk that any implementation issues with the outage system would lead to further instability in the CAISO's systems. Market participants have contacted the CAISO to request that implementation of the outage management system occur after a stabilization period when the OMS is free of variances impacting system integration.

Deferring implementation will also allow the CAISO to implement the outage management system on its target date of February 3, 2015, which is the same date that Peak Reliability will put an upgrade of its outage management system into operation. That upgrade is necessary to efficiently interface and exchange data with the CAISO's new outage management system. The functionality of the interface is important because the CAISO will use it to provide outage information to Peak in compliance with NERC Reliability Standard TOP-3, and Peak will use that outage information in its modeling of the Western Interconnection. Aligning the in-service dates of these outage management changes will allow the CAISO to upload bulk modeling information from its new outage management data base to Peak's new data base. This will facilitate the transfer of information and better ensure that Peak has accurate modeling information for the CAISO balancing authority area, and that data errors or non-compliance issues do not arise. If the CAISO's outage management system goes into operation this month, a temporary interface would be necessary, which

is anticipated to have limited ability to handle bulk transfers. It would then be necessary to establish a second, permanent interface when Peak's upgrade is placed in service on February 3, 2015.

The CAISO anticipates implementing the outage management system on February 3, 2015. The CAISO will strive to meet that date, but is requesting the flexibility to implement the tariff revisions through the end of February in order to avoid a further waiver request if a slight change in the operation date is necessary. The CAISO will submit an informational filing in this proceeding seven days in advance of the implementation of the tariff revisions.

The Commission has previously granted requests for tariff waivers in situations where (1) the waiver is of limited scope; (2) a concrete problem needed to be remedied; and (3) the waiver did not have undesirable consequences, such as harming third parties.<sup>6</sup> This request meets all three conditions. The waiver is of limited scope because it will only result in a modest delay in the implementation of the enhanced outage management system. The waiver addresses a concrete problem that needs to be remedied because it will allow stabilized operation of the CAISO's systems and the market participants' systems before the outage management system reflected in these tariff revisions is deployed and will facilitate the transfer of accurate outage data to Peak for use in modeling the Western Interconnection. Finally, the waiver does not have

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<sup>6</sup> See, e.g., *New York Independent System 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); *California Independent System Operator Corp.*, 132 FERC ¶ 61,004, at P 10 (2010).

undesirable consequences because the CAISO tariff provisions related to outage management that are in effect today will remain in effect until the tariff revisions can be implemented. The waiver will effectively continue the status quo for a modest period longer than contemplated by the October 2 order while facilitating a smooth transition to the enhanced outage management system and 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 tariff revisions.

### **III. Conclusion**

For the foregoing reasons, the Commission should find that good cause exists to grant a limited waiver to permit the tariff revisions accepted in this proceeding to be implemented on a date by February 28, 2015.

Respectfully submitted,

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Dated: December 5, 2014

## 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 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 Folsom, CA this 5<sup>th</sup> day of December, 2014.

/s/ Sarah Garcia  
Sarah Garcia