

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

**California Independent System) Docket No. ER19-2757-000
Operator Corporation)**

**MOTION FOR LEAVE TO ANSWER AND SUPPLEMENTAL ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION TO
COMMENTS AND LIMITED PROTESTS**

The California Independent System Operator Corporation (CAISO)¹ submits this motion for leave to answer and supplemental answer to the comments and protests filed in the above-captioned proceeding² in response to the CAISO's September 5, 2019 filing to comply with the requirements of Commission Order No. 831 (Order No. 831 Compliance Filing).³ On October 11, 2019, the CAISO submitted its answer to comments and limited protests filed in the above-captioned proceeding (October 11 Answer). The CAISO now provides a supplemental answer to comments and limited protests to inform the

¹ Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the CAISO tariff.

² The following entities filed motions to intervene in the proceeding: the California Public Utilities Commission (CPUC); California Department of Water Resources State Water Project; Calpine Corporation; Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; Department of Market Monitoring of the CAISO (DMM); Idaho Power Company; Modesto Irrigation District; Nevada Power Company and Sierra Pacific Power Company, Arizona Public Service Company, Idaho Power, Portland General Electric, and PacifiCorp (collectively, EIM Entity Parties); Northern California Power Agency; NRG Power Marketing LLC; Pacific Gas and Electric Company (PG&E); Powerex Corp.; and Southern California Edison Company (SCE). In addition, DMM and SCE filed comments, PG&E filed an answer in support of DMM's comments, and the CPUC and the EIM Entity Parties filed protests.

³ *Offer Caps in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 831, FERC Stats. & Regs. ¶ 31,387 (2016) (Order No. 831), *order on reh'g and clarification*, Order No. 831-A, 161 FERC ¶ 61,156 (2017) (Order No. 831-A). The Commission issued Order Nos. 830 and 831-A in Docket No. RM16-5-000. In this transmittal letter, references to Order No. 831 mean Order Nos. 831 and 831-A collectively, except where the CAISO is citing specific discussion in one or the other of those Orders.

Commission on events that have ensued related to issues raised by intervenors regarding the Order No. 831 Compliance Filing.

I. Motion for Leave to File Answer

Pursuant to Rules 212 and 213 of the Commission's Rules of Practice and Procedure,⁴ the CAISO respectfully requests waiver of Rule 213(a)(2)⁵ to permit it to answer the limited protests filed in the proceeding. Good cause for this waiver exists because the CAISO's answer will aid the Commission in understanding the issues in the proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in the proceeding.⁶

II. Supplemental Answer

In the October 11 Answer, the CAISO responded to arguments raised by DMM and the EIM Entity Parties that the CAISO should modify existing sections 27.4.3.2 and 27.4.3.4 of its tariff, which the CAISO does not propose to revise in the Order No. 831 Compliance Filing, to specify that the administratively set pricing parameter under each of those existing tariff sections remains at its existing level of \$1,000 per megawatt-hour (MWh).⁷ The CAISO also responded to arguments by DMM and the CPUC that the Commission should reject the proposal in the Order No. 831 Compliance Filing to establish a \$2,000/MWh hard

⁴ 18 C.F.R. §§ 385.212, 385.213.

⁵ 18 C.F.R. § 385.213(a)(2).

⁶ See, e.g., *Equitrans, L.P.*, 134 FERC ¶ 61,250 at P 6 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,023 at P 16 (2010); *Xcel Energy Servs., Inc.*, 124 FERC ¶ 61,011 at P 20 (2008).

⁷ October 11 Answer at 2-8.

cap on import bids into the CAISO, while bids in the rest of the Western Electricity Coordinating Council (WECC) remain subject to the \$1,000/MWh soft cap previously established by the Commission.⁸

The CAISO generally responded that these issues were outside the scope of this proceeding because it is limited to consideration of tariff amendments in compliance with the Commission's specific directives in Order No. 831.⁹ However, the CAISO recognized that stakeholders had raised concerns with respect to the Commission's prior direction on both these sets of issues and reiterated for the Commission and stakeholders that it had already instituted a new stakeholder initiative to address both the setting of the penalty parameters and whether it is necessary to verify bid costs for bids that exceed \$1000/MWh. The CAISO also reiterated that it does not intend to implement the requirements of Order No. 831 until the CAISO completes this stakeholder initiative to reconsider both issues.¹⁰ The CAISO further stated that it intended to complete the initiative for implementation in the fall of 2020, which would be contemporaneous with its intended implementation of the tariff revisions to comply with Order No. 831.¹¹

Since the CAISO submitted its October 11 Answer, the CAISO posted a revised straw proposal in the stakeholder initiative, and held a conference call to

⁸ *Id.* at 9-11.

⁹ *Id.* at 2-3, 9-10.

¹⁰ *Id.* at 3 & n.8, and 11. *See also* transmittal letter for Order No. 831 Compliance Filing at 20-21.

¹¹ October 11 Answer at 11. *See also* transmittal letter for Order No. 831 Compliance Filing at 21.

discuss the revised straw proposal on December 5, 2019. The CAISO's Market Surveillance Committee also discussed these items on December 6, 2019.

Stakeholders submitted comments on December 20, 2019.¹²

Based on stakeholder comments and discussions to date, the CAISO anticipates it will be submitting tariff amendments pursuant to section 205 of the Federal Power Act to address both of these issues once the stakeholder process is complete and that it will be necessary to make software and system changes to accommodate the expected changes. However, the CAISO and stakeholders will not be able to complete the stakeholder process in time to implement any changes that come out of that stakeholder process by the fall of 2020. The CAISO continues to stand behind its commitment that it does not intend to implement the tariff revisions to comply with Order No. 831 until it can implement whatever proposal comes out of the pending stakeholder process. Therefore, at this time, the CAISO does not believe it will be prepared to implement the Order No. 831 compliance requirements until the fall of 2021.¹³ This will allow the CAISO and stakeholders the time necessary to complete the stakeholder process and to consider any necessary software and market system changes, and for the CAISO to submit the necessary section 205 tariff amendments. In the Order No. 831 Compliance Filing, the CAISO requested a waiver of notice requirements to permit implementation no later than 12/31/2020. Such waiver is

¹² See <http://www.aiso.com/StakeholderProcesses/FERC-Order-831-Import-bidding-and-market-parameters>.

¹³ Because the changes that are likely to come out of the pending stakeholder process will impact the CAISO's market software and systems, the changes would be included in the CAISO's annual software release that normally happens in the fall of each year.

no longer necessary given the CAISO cannot implement the Order No. 831 requirements by that time. Although the CAISO intends to implement the requirements in the fall of 2021, the CAISO does not propose a specific implementation date in this supplemental answer because it must complete the pending stakeholder process before it can determine the appropriate implementation date. The CAISO will submit the expected implementation date when it files its section 205 tariff amendment.

III. Conclusion

The Commission should accept the CAISO's motion to answer and supplemental answer as it provides the Commission information that will assist it in ruling in this proceeding.

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Counsel for the California Independent System Operator Corporation

Dated: January 31, 2020

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, pursuant to 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 31th day of January, 2020.

/s/ Martha Sedgley _____
Martha Sedgley