

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

**California Independent System            )       Docket No. ER17-415-001**  
**Operator Corporation                    )**

**PETITION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION FOR LIMITED TARIFF WAIVER  
TO POSTPONE EFFECTIVE DATE UNTIL APRIL 1, 2017**

The California Independent System Operator Corporation (CAISO) respectfully requests a temporary suspension of the effectiveness, or limited waiver, until April 1, 2017 of certain tariff revisions accepted in the order issued in this proceeding on January 30, 2017.<sup>1</sup>

In the January 30 Order, the Commission accepted the CAISO's proposed revisions to its tariff to implement the administrative pricing policy and to clarify and update the tariff provisions that apply to emergency operations, to become effective February 1, 2017. The CAISO recently determined, however, that it will be unable to implement certain of the revisions regarding the administrative pricing policy on February 1, due to the need to change the implementation schedule as discussed in more detail below. The CAISO plans to implement these revisions on April 1 as part of the spring 2017 release.

Good cause exists for the Commission to find that this petition satisfies its waiver criteria. The CAISO has acted in good faith because it only recently

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,085 (2017) (January 30 Order). Specifically, the CAISO requests limited waiver of the revisions to sections 7.7.1 through 7.7.9, 7.7.11 through 7.7.15, 16.3, and 29.7(j)(2)(D), and the definition in appendix A to the tariff of the term "Administrative Price." 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.

became aware that it is unable to implement the tariff revisions on February 1. The waiver is of limited scope in that it will apply for only two months (59 days). The waiver will also remedy the concrete problem that the CAISO cannot implement the tariff revisions on February 1 due to the need to change the software development schedule. Further, the waiver will not have undesirable consequences, because it will maintain the status quo of the administrative pricing provisions set forth in the existing tariff language.

For these reasons, the Commission should grant the petition and postpone the effectiveness of the administrative pricing provisions specified herein until April 1, 2017.

#### **I. Background**

Under the CAISO tariff language currently in effect, the CAISO manages system emergencies and other abnormal system conditions affecting the markets it operates pursuant to section 7.7 of the CAISO tariff. Existing tariff section 7.7 sets forth a process under which the CAISO may intervene in the operation of any of the CAISO markets to apply an administrative price if the CAISO determines that such intervention is necessary to prevent, contain, or correct a system emergency. In addition, tariff section 14.1 sets forth provisions regarding uncontrollable force.

The CAISO, in the tariff amendment it filed in this proceeding on November 23, 2016, proposed to revise section 7.7 concerning application of administrative prices when market prices are unavailable for any reason. The CAISO explained that the proposed changes would provide greater transparency

and more appropriate pricing logic depending on the interval and how many intervals are missing, and whether the day-ahead market or the real-time market is involved. The CAISO also proposed to reorganize, streamline, and clarify section 7.7 and other tariff sections to improve the readability and logical flow of the emergency tariff revisions. Lastly, the CAISO proposed to revise section 14.1, consistent with guidance provided in a prior Commission order, to clarify that in the event of an uncontrollable force, a market participant is not held harmless from the financial consequences of binding market results. The CAISO requested that the Commission make all of the proposed tariff revisions effective as of February 1, 2017.

In the January 30 Order, the Commission accepted these tariff modifications, to become effective February 1 as requested by the CAISO.<sup>2</sup>

## **II. Need for Tariff Waiver to Postpone Effective Date to April 1, 2017**

The CAISO recently determined that it will be unable to implement certain of the tariff revisions regarding the administrative pricing policy on February 1, 2017. Specifically, the software to implement the revisions in tariff section 7.7.9, which address the application of market prices and the use of prior market results when administrative prices are triggered, will require an unanticipated amount of development and testing effort to implement them separate from the other projects in the same software release, which is now scheduled for activation on April 1, 2017. The revisions to section 7.7.9 are also interrelated with other

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<sup>2</sup> January 30 Order at PP 1, 26.

revisions contained in the CAISO's tariff amendment.<sup>3</sup> Further, much of the structure created by the reorganization of section 7.7 and reflected in the tariff amendment would not make sense absent the effectiveness of revised section 7.7.9 and of the tariff revisions interrelated with section 7.7.9.

For these reasons, the CAISO requests limited waiver of the effective date of the revisions to sections 7.7.1 through 7.7.9, 7.7.11 through 7.7.13, 7.7.15, 16.3, and 29.7(j)(2)(D), and the definition in appendix A to the tariff of the term "Administrative Price." The CAISO plans to implement these revisions on April 1, 2017, which is also the scheduled implementation date of the CAISO's software release for the spring of 2017.<sup>4</sup> Postponing the effective date of the revisions until April 1 will allow the CAISO to better manage software changes among the administrative pricing project and other projects in the same software release, improve the efficiency of testing of the administrative pricing project with the other software changes to ensure that no regressions in functionality occur, reduce the amount of implementation overhead required for market participants that have informed the CAISO that they have resource constraints, and increase the efficiency of code promotion and post-production support.

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<sup>3</sup> See, e.g., revised tariff section 7.7.3(a) (stating in relevant part that "[i]n the absence of a Market Disruption, the CAISO may suspend the CAISO Markets and apply Administrative Prices as provided in Section 7.7.9"); revised tariff section 29.7(j)(2)(D) (describing CAISO actions "if Section 7.7.9 calls for the use of Day-Ahead Market results"); tariff appendix A, revised definition of "Administrative Price" (defining the Administrative Price as "[t]he market results determined according to Section 7.7.9").

<sup>4</sup> Earlier on the day that the CAISO filed this petition, it also issued a market notice announcing that it would make the filing and postpone the effective date of the tariff revisions until April 1 for the same reasons explained in the petition.

### 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 until April 1, 2017. The Commission has previously granted requests for tariff waivers in situations where (1) the applicant acted in good faith; (2) the waiver was of limited scope; (3) the waiver addressed a concrete problem; and (4) the waiver did not have undesirable consequences, such as harming third parties.<sup>5</sup> This waiver petition meets all four conditions.

The CAISO has acted in good faith because it only recently became aware that it is unable to implement the tariff revisions on February 1, 2017. The waiver is of limited scope in that it will apply for only two months (59 days), from February 1 until April 1. The waiver will also remedy the concrete problem that the CAISO cannot implement the tariff revisions on February 1, due to the unanticipated amount of software development and testing effort required to fully implement the administrative pricing policy. The Commission has previously recognized that it is reasonable to postpone the effectiveness of tariff revisions where, as is the case in this proceeding, it is infeasible to implement the tariff revisions on their originally intended effective date because their software requires additional testing before they can feasibly go into effect.<sup>6</sup> Further, the

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<sup>5</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 158 FERC ¶ 61,072, at P 5 (2017); *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).

<sup>6</sup> See, e.g., *Cal. Indep. Sys. Operator Corp.*, 141 FERC ¶ 61,184, at P 10 (2012).

waiver will not have undesirable consequences because the CAISO can continue to operate with the current administrative pricing rules.

For these reasons, good cause exists to grant the CAISO's request for limited waiver of the current effective date of February 1 for the tariff revisions listed above.<sup>7</sup>

#### **IV. Conclusion**

For the foregoing reasons, the Commission should find that good cause exists to grant a limited waiver to suspend the effectiveness of the revisions regarding the administrative pricing policy accepted in the January 30 Order and specified in this petition, until April 1, 2017.

Respectfully submitted,

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Counsel for the California Independent System Operator Corporation

Dated: January 31, 2017

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<sup>7</sup> Pursuant to this filing, the CAISO plans to refrain from implementing the tariff revisions on February 1. The Commission has previously granted requests for limited tariff waiver applicable to dates prior to the date of the Commission's order. See, e.g., *Cal. Indep. Sys. Operator Corp.*, 156 FERC ¶ 61,093, at P 4 (2016); *N.Y. Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,061, at P 1; *Waterbury Generation LLC*, 120 FERC ¶ 61,007, at PP 1, 3 (2007).

## 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 31<sup>st</sup> day of January, 2017.

/s/ Bradley R. Miliauskas  
Bradley R. Miliauskas