

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

California Independent System Operator Corporation))	Docket Nos. ER21-___-000 RM05-5-026 RM05-5-025 RM05-5-027
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**PETITION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION FOR WAIVER OF CERTAIN BUSINESS PRACTICE STANDARDS
ADOPTED IN ORDER NO. 676-I**

The California Independent System Operator Corporation (CAISO)¹ submits this petition for waiver of certain business practice standards promulgated by the Wholesale Electric Quadrant (WEQ) of the North American Electric Standards Board (NAESB) and adopted in Order No. 676-I.² As the CAISO has explained in previous petitions for waiver of NAESB standards and in other filings with the Commission, the CAISO's ancillary service and imbalance energy markets and transmission services differ significantly from the business model and the transmission services contemplated in the Commission's *pro forma* Open Access Transmission Tariff (OATT). The Commission has acknowledged these differences and granted the CAISO a series of waivers from specific NAESB standards. This petition seeks to extend these waivers to both updated and new NAESB standards adopted in Order No. 676-I that continue to be, or are, inapplicable to and incompatible with the CAISO's markets and transmission services.

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

² *Standards for Bus. Practices & Comm'n Protocols for Pub. Utils.*, Order No. 676-I, 85 FR 10,571 (Feb. 25, 2020), 170 FERC ¶ 61,062 (2020) (Order No. 676-I). 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, and the procedures set forth in Order No. 676-I.

The CAISO respectfully requests that the Commission grant the waivers requested in this petition consistent with the waivers of NAESB standards that the Commission has previously granted to the CAISO. The CAISO also requests that the Commission grant a limited waiver with respect to the WEQ-006 standard to the extent certain requirements related to manual time error correction are inconsistent with the Western Interconnection's use of automatic time error correction.

I. Background

A. NAESB WEQ Version 003.2

In Order No. 676-I, the Commission amended its regulations to incorporate by reference the latest version (Version 003.2) of specified business practice standards that NAESB filed with the Commission on December 8, 2017 and including minor clarifications and updates submitted by NAESB on June 5 and July 23, 2019. The Version 003.2 NAESB standards include updates to standards that the Commission previously incorporated by reference into its regulations. The Version 003.2 standards build upon the standards included in the WEQ Version 003.1 standards and include, in their entirety, the modifications submitted to the Commission in WEQ Version 003.1, which were the subject of an earlier notice of proposed rulemaking (NOPR).³

The Commission did not adopt the NOPR proposal to incorporate by reference NAESB's latest version of the WEQ-006 Manual Time Error Correction Business Practice Standards, which would have retired this particular standard.⁴

³ See Order No. 676-I at P 2, *citing Standards for Bus. Practices & Commc'n Protocols for Pub. Utils.*, Notice of Proposed Rulemaking, 156 FERC ¶ 61,055 (2016) (WEQ Version 003.1 NOPR).

⁴ *Id.* at P 3.

Finally, the Commission incorporated by reference the WEQ-022 Electric Industry Registry (EIR) Business Practice Standards, as well as certain WEQ-023 Modeling Business Practice Standards that were moved from the WEQ-001 Standards by the changes made to WEQ Version 003.1.⁵

Order No. 676-I directed public utilities to revise their OATTs to incorporate the following NAESB standards by reference:

- WEQ-000, Abbreviations, Acronyms, and Definition of Terms, WEQ Version 003.1, September 30, 2015 (including only the definitions of Interconnection Time Monitor, Time Error, and Time Error Correction);
- WEQ-000, Abbreviations, Acronyms, and Definition of Terms (WEQ Version 003.2, Dec. 8, 2017) (with minor correction applied July 23, 2019);
- WEQ-001, Open Access Same-Time Information Systems (OASIS), [OASIS] Version 2.2 (WEQ Version 003.2, Dec. 8, 2017), excluding standards WEQ-001-9 preamble text, WEQ-001-10 preamble text;
- WEQ-002, Open Access Same-Time Information Systems (OASIS) Business Practice Standards and Communication Protocols (S&CP), [OASIS] Version 2.2 (WEQ Version 003.2, Dec. 8, 2017);
- WEQ-003, Open Access Same-Time Information Systems (OASIS) Data Dictionary, [OASIS] Version 2.2 (WEQ Version 003.2, Dec. 8, 2017) (with minor corrections applied July 23, 2019);
- WEQ-004, Coordinate Interchange (WEQ Version 003.2, Dec. 8, 2017);
- WEQ-005, Area Control Error (ACE) Equation Special Cases (WEQ Version 003.2, Dec. 8, 2017);
- WEQ-006, Manual Time Error Correction (WEQ Version 003.1, Sept. 30, 2015);
- WEQ-007, Inadvertent Interchange Payback (WEQ Version 003.2, Dec. 8, 2017);
- WEQ-008, Transmission Loading Relief (TLR)—Eastern Interconnection (WEQ Version 003.2, Dec. 8, 2017);

⁵. *Id.* at P 5.

- WEQ-011, Gas/ Electric Coordination (WEQ Version 003.2, Dec. 8, 2017);
- WEQ-012, Public Key Infrastructure (PKI) (WEQ Version 003.2, Dec. 8, 2017);
- WEQ-013, Open Access Same-Time Information Systems (OASIS) Implementation Guide, [OASIS] Version 2.2 (WEQ Version 003.2, Dec. 8, 2017);
- WEQ-015, Measurement and Verification of Wholesale Electricity Demand Response (WEQ Version 003.2, Dec. 8, 2017);
- WEQ-021, Measurement and Verification of Energy Efficiency Products (WEQ Version 003.2, Dec. 8, 2017);
- WEQ-022, Electric Industry Registry Business Practice Standards (WEQ Version 003.2, Dec. 8, 2017); and
- WEQ-023, Modeling. The following standards are incorporated by reference: WEQ-023-5; WEQ-023-5.1; WEQ-023-5.1.1; WEQ-023-5.1.2; WEQ-023-5.1.2.1; WEQ-023-5.1.2.2; WEQ-023-5.1.2.3; WEQ-023-5.1.3; WEQ-023-5.2; WEQ-023-6; WEQ-023-6.1; WEQ-023-6.1.1; WEQ-023-6.1.2; and WEQ-023-A Appendix A (WEQ Version 003.2, Dec. 8, 2017).⁶

The Commission initially directed public utilities to submit their Order No. 676-I compliance filings by May 25, 2020, and to make the OATT revisions in those filings effective as of July 27, 2020.⁷ The Commission stated that if a public utility seeks either to renew an existing waiver or to request a new waiver of any of the NAESB standards listed above, it should file its request for waiver by May 25, 2020.⁸

However, in response to a Joint Motion for Extension of Time filed by the Southwest Power Pool, Inc. and Midcontinent Independent System Operator, the

⁶ *Id.* at P 51. The Commission also incorporated those NAESB standards into its regulations by reference. *Id.*

⁷ *See id.* at P 20.

⁸ *See id.*

Commission extended the date for compliance and waiver filings to July 27, 2021.⁹ The Commission also stated that it will determine an implementation date for all utilities, including utilities whose tariffs incorporate each version of the NAESB standards, without modification, when the version is accepted by the Commission, no sooner than three months following the submission of compliance filings (*i.e.*, October 27, 2021).¹⁰

B. Prior CAISO Waivers

As the CAISO explained in its petitions for waiver of NAESB standards implemented in Order Nos. 676, 676-C, 676-E, and 676-H, the CAISO's ancillary service and imbalance energy markets and financial transmission model differ significantly from the business model and the physical transmission services articulated in Order No. 888 and later in the Order No. 890 *pro forma* OATT, upon which many of the NAESB standards are based. These differences have meant the Commission found it appropriate to grant the following waivers to the CAISO:

- The Commission granted the CAISO an interim waiver of OASIS requirements when it authorized the CAISO's operation as an independent system operator. The Commission cited as relevant factors in this determination the lack of reserved firm and non-firm point-to-point transmission service under the CAISO tariff and the incompatibility of the CAISO computer communication system with the OASIS standards and protocols incorporated into the Commission's regulations.¹¹
- The Commission extended the interim waiver of the OASIS requirements upon approval of the CAISO's firm transmission rights proposal.¹²

⁹ Notice of Extension of Time, Docket No. RM05-5-028 (Apr. 3, 2020).

¹⁰ *Id.*

¹¹ *Pac. Gas & Elec. Co.*, 81 FERC ¶ 61,122, at 61,459-60 (1997). Although the Commission granted interim waiver, it also found that the CAISO's communication system "meets the needs of . . . Market Participants, including the [CAISO's] transmission customers." *Id.* at 61,460.

¹² *Cal. Indep. Sys. Operator Corp.*, 89 FERC ¶ 61,153, at 61,437-38 (1999).

- The Commission accepted the CAISO's request for a comprehensive waiver of OASIS-related standards WEQ-001, WEQ-002, and WEQ-003 adopted in Order No. 676. This waiver was limited to the period prior to implementation of the CAISO's new market design based on locational marginal pricing.¹³
- The Commission accepted the CAISO's filing to comply with Order No. 890, including waivers of the OASIS posting requirements and associated NAESB business practice standards pertaining to denials of service, the designation of network resources, and the posting of system impact studies, facilities studies, and studies performed for the transmission provider's own network resources.¹⁴
- The Commission granted the CAISO's requests for waiver of the revised OASIS requirements and associated NAESB standards adopted in Order No. 676-C, including waiver of WEQ-001, WEQ-002, WEQ-003, WEQ-008 and WEQ-013, and limited waiver of WEQ-012.¹⁵
- The Commission granted the CAISO's request for waiver of OASIS-related standards and communication protocols set forth in the Commission's regulations that would be inapplicable to and incompatible with operations under the CAISO's market design based on locational marginal pricing that would be implemented on April 1, 2009.¹⁶
- The Commission granted the CAISO's requests for waiver of certain of the new and revised standards adopted in Order No. 676-E, including waiver of specified standards under WEQ-001, WEQ-002, WEQ-003, WEQ-008, and WEQ-013.¹⁷
- The Commission granted the CAISO's requests for waiver of certain of the new and revised standards adopted in Order No. 676-H, including waiver of specified standards under WEQ-001, WEQ-002, WEQ-003, WEQ-012, and WEQ-013.¹⁸

¹³ *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,196 (2006).

¹⁴ *Cal. Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,180 (2008).

¹⁵ *Cal. Indep. Sys. Operator Corp.*, 125 FERC ¶ 61,380 (2008).

¹⁶ *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,260 (2009).

¹⁷ Commission Letter Order, Docket No. ER11-3099-000 (Feb. 15, 2013); Commission Letter Order, Docket Nos. ER11-3096-000 and ER11-3096-001 (Mar. 13, 2013).

¹⁸ *Cal. Indep. Sys. Operator Corp.*, 151 FERC ¶ 61,151 (2015).

II. The Commission Should Grant Waiver of Those NAESB Business Practice Standards that Are Inapplicable to and Incompatible with the CAISO's Business Model

A. Request for Renewed Waivers

In Order No. 676, the Commission stated that public utilities with existing waivers of OASIS standards and related NAESB standards may reapply for such waivers using simplified procedures. These procedures require an applicant to identify the specific standards from which it seeks waiver and provide the caption, date, and docket number of the proceeding in which the entity received the waiver. In addition, the applicant must certify that the circumstances warranting the waivers have not changed.¹⁹ The Commission reiterated these requirements in Order No. 676-I.²⁰

The CAISO respectfully requests renewed waivers of the Version 003.2 NAESB standards consistent with prior waivers the Commission granted the CAISO for earlier versions of these NAESB standards. Specifically, the CAISO requests comprehensive renewed waiver of WEQ-002, WEQ-003, and WEQ-013, and waiver of the provisions of WEQ-001 and WEQ-012, consistent with prior waivers of these standards that the Commission has granted.²¹ While some of the earlier versions of the NAESB standards have been modified in Version 003.2, the revised standards remain strictly focused on transmission providers that offer physical reservation transmission service. As

¹⁹ *Standards for Bus. Practices & Commc'n Protocols for Pub. Utils*, Order No. 676, FERC Stats. & Regs. ¶ 31,216, at P 79 (2006).

²⁰ Order No. 676-I at P 63.

²¹ See 125 FERC ¶ 61,380; 126 FERC ¶ 61,260. In the latter order, the Commission found that "the standards at issue are incompatible with the transmission services provided under both the CAISO's current tariff and the [revised market design], for the reasons the CAISO states. We also find that the CAISO's proposed alternative OASIS postings are consistent with our OASIS standards and business practices." *Id.* at P 29.

discussed below and in its prior waiver requests, the CAISO does not offer physical reservation transmission service.

For these reasons, the CAISO hereby certifies that the circumstances warranting Commission waiver of the NAESB standards discussed above have not changed. The Version 003.2 standards for which the CAISO seeks waiver continue to be inapplicable to, and incompatible with, the CAISO's markets and transmission service, and CAISO compliance with those NAESB standards would not serve to enhance information available to CAISO market participants.

B. Request for Waiver of Newly Adopted Standards

The newly adopted OASIS requirements within the NAESB standards are based on the transmission service model embodied in the *pro forma* OATT.²² That service model contemplates that electric utilities provide two types of transmission service: (1) point-to-point transmission service (which can be either firm or non-firm) and (2) network integration transmission service. Under the *pro forma* OATT service model, customers submit formal transmission service requests to the transmission provider in order to reserve capacity. Users may also, on a first-come, first-served basis, reserve available transmission capacity for the long term. The *pro forma* OATT service model also accommodates resale transactions (*i.e.*, reassignments) and transfers of transmission reservation rights, as well as firm and non-firm redirects.

²² In the filing the CAISO submitted to comply with Order No. 890, it demonstrated that its "daily" transmission service model differs substantially from the transmission service model in the *pro forma* OATT and that the transmission service-related changes (*e.g.*, changes related to network integration and point-to-point transmission services, capacity reassignments, and rollover rights) adopted in Order No. 890 did not apply to, and/or were incompatible with, the CAISO's service model. The CAISO also demonstrated that its transmission service model was consistent with or superior to the *pro forma* OATT service model as revised in Order No. 890. The Commission accepted the CAISO's compliance demonstration on these matters. 123 FERC ¶ 61,180, at P 18.

The CAISO does not offer the two distinct transmission services (*i.e.*, point-to-point service and network integration transmission service) contemplated in the *pro forma* OATT. Rather, the CAISO provides a form of service available to all eligible customers on a nondiscriminatory basis.²³ Energy transmitted under the CAISO tariff is treated as “new firm use” and scheduled on a day-to-day basis by transmission customers (with the exception of certain transactions scheduled pursuant to grandfathered contracts that preceded the existence of the CAISO). All users of the CAISO controlled grid must schedule their use each day and cannot reserve available transmission capacity beyond the day-ahead timeframe.²⁴ There are no long-term reservations of physical transmission capacity under the CAISO’s service model, and there is no application process for transmission service requests, use of capacity benefit margins, or performance of transmission service request studies.²⁵

²³ The open access transmission service provided by the CAISO is essentially a network-type service, but with more flexibility than the network integration transmission service provided under the *pro forma* OATT.

²⁴ Under the CAISO’s Commission-approved service model, there are no long-term reservations of transmission capacity or rollover rights. As the Commission recognized, the CAISO’s “proposal to schedule transmission on a day-ahead and hour-ahead basis is not compatible with the long-term reservation of discrete physical transmission rights.” 81 FERC ¶¶ 61,122, at 61,472. Accordingly, the Commission has ordered customers with grandfathered contracts to take service under the CAISO tariff upon expiration of such contracts. *Id.* at 61,463-65. The Commission found that the right-of-first-refusal provision under Order No. 888 does not apply to customers in the CAISO service territory because the service model under the Order No. 888 *pro forma* OATT does not apply to the CAISO. *Sacramento Mun. Util. Dist. v. Pac. Gas & Elec. Co.*, 105 FERC ¶¶ 61,237 (2004), *aff’d sub nom. Sacramento Mun. Util. Dist. v. FERC*, 428 F.3d 294 (D.C. Cir. 2005).

²⁵ The CAISO tariff does have two categories of wheeling through self-schedule transactions: (1) a priority wheeling through, which receives the same priority as CAISO load, and (2) a non-priority wheeling through, which will have a lower priority than priority wheeling through transactions and CAISO load. *Cal. Indep. Sys. Operator Corp.*, 175 FERC ¶¶ 61,245 (2021). Although priority wheeling through status requires notification to the CAISO 45 days in advance of the applicable month, it does not constitute a long-term reservation of physical transmission capacity.

Under the CAISO's existing market service model, scheduling coordinators submit bids (including self-schedules) for the supply or demand for energy to the CAISO. Scheduling coordinators have equal access to all available capacity every day and can make changes to their bids on an hourly basis. In contrast to transmission services provided under the *pro forma* OATT, customers that take service under the CAISO's market need not formally designate network resources. The CAISO utilizes a bid-based, security constrained economic dispatch and re-dispatch process to balance real-time control area requirements, utilize the full capability of the grid to maximize the transmission service that can be provided to eligible customers, provide customers with maximum flexibility to schedule transactions, and ration capacity when demand for transfer capability exceeds supply. Thus, the CAISO's transmission service provides comparable treatment to all customers and encourages efficient and flexible use of the transmission system.

The CAISO does not offer conditional firm transmission service. Order No. 890 did not require it to do so.²⁶ Further, in contrast to traditional transmission services provided under the *pro forma* OATT, CAISO customers that take service need not formally designate and un-designate network resources.

In short, the CAISO's transmission service model does not have any of the following features typically associated with *pro forma* OATT transmission service:

²⁶ In Order No. 890, the Commission stated that it would be inappropriate to require independent system operators and regional transmission organizations with real-time energy markets to provide conditional firm point-to-point service. *Preventing Undue Discrimination & Preference in Transmission Serv.*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, at P 992 (2007). Because the CAISO has a real-time energy market, it is not required to provide conditional firm point-to-point service. The Commission accepted this aspect of the CAISO's compliance demonstration in approving the CAISO's filing to comply with Order No. 890. See 123 FERC ¶ 61,180, at PP 9, 18.

separate network integration and point-to-point transmission services; non-firm transmission services; formal transmission service requests (and applications); transmission service reservations; re-sales (or reassignments); redirects; network resources; or transfers of transmission reservation rights, capacity benefit margins, or rollover rights.

Consistent with the foregoing discussion, the CAISO respectfully requests that the Commission grant waivers of the newly adopted OASIS requirements in the Version 003.2 NAESB standards, including:

- (1) The modifications in WEQ-001 related to the treatment of redirects for transmission service from conditional parent reservations.²⁷ As explained above, the CAISO's market model does not include redirect requests.
- (2) The modifications in WEQ-001 related to the timing of the required posting of Available Transfer Capability (ATC) narratives.²⁸ In the CAISO's system, ATC reflects the existence of uncongested transmission capacity on external paths scheduled through the CAISO markets.²⁹ Annual and monthly ATC values, which are the subject of these standards, are not relevant to CAISO transactions given the absence of any transmission reservations within this time frame. Additionally, these standards require

²⁷ See WEQ Version 003.1 NOPR at PP 19-25. See also *Standards for Bus. Practices & Comm'n Protocols for Pub. Utils.*, Notice of Proposed Rulemaking, 167 FERC ¶ 61,127, at PP 14-27 (2019).

²⁸ See WEQ Version 003.1 NOPR at PP 26-27.

²⁹ ATC postings for the CAISO are advisory projections calculated after the CAISO markets close, and transactions are scheduled, based on calculations performed by the CAISO's day-ahead and real-time market software. The CAISO, therefore, does not calculate ATC for periods further than 72 hours ahead.

the posting of this information using the “system data” template, which the CAISO does not use and which the Commission has not required the CAISO to use.

- (3) The modifications in WEQ-001 related to the treatment of point-to-point reservations under Service Across Multiple Transmission Systems (SAMTS).³⁰ The SAMTS standards solely “address the coordination of point-to-point transmission service and/or network transmission service requests across multiple transmission systems.”³¹ As explained above, the CAISO does not offer these distinct types of transmission service.
- (4) The modifications in WEQ-001 related to the discretion of Transmission Providers to deny service requests under Standard WEQ-001-106.2.5.³² As explained above, the CAISO does not offer a distinct network integration transmission service or maintain an OASIS based on the transmission service model embodied in the *pro forma* OATT, and thus, the CAISO’s model does not have formal transmission service requests.
- (5) The modifications in WEQ-001 and WEQ-013 to allow a Transmission Provider to extend the time to perform its biennial reassessment of the availability on its system of conditional firm service.³³ As explained above, the CAISO does not offer conditional firm transmission service.

³⁰ See WEQ Version 003.1 NOPR at PP 28-29.

³¹ 148 FERC ¶ 61,205, at P 60.

³² See WEQ Version 003.1 NOPR at PP 30-31.

³³ See *id.* at PP 32-33.

- (6) The modifications in WEQ-003 and WEQ-013 to provide an industry-wide mechanism for posting of data related to Available Flowgate Capability (AFC).³⁴ As explained above, the CAISO does not maintain an OASIS based on the transmission service model embodied in the *pro forma* OATT, and, as such, accomplishes its ATC and AFC postings without use of the WEQ-003 OASIS Data Dictionary elements or the WEQ-013 “system data” OASIS template, for which the Commission has previously granted a CAISO petition for waiver.
- (7) The modifications in WEQ-013 to allow off-OASIS resale transactions to be posted directly to the OASIS under an “accepted” status.³⁵ As explained above, the CAISO’s transmission model does not feature resale transactions.
- (8) The modifications in WEQ-002 to unmask the source and sink for a request for transmission service for all instances where the request for transmission service is moved to any final state.³⁶ As explained above, the CAISO’s transmission model does not have the transmission service request features associated with *pro forma* OATT transmission services, and thus, the Commission has previously granted a CAISO petition for waiver regarding the OASIS related requirements in WEQ-002.

³⁴ See *id.* at PP 34-35.

³⁵ See *id.* at PP 44-45.

³⁶ See *id.* at PP 46-47.

- (9) The new standards in WEQ-023 that were moved from WEQ-001 and for which the Commission has previously granted a CAISO petition for waiver. The 13 standards (and one appendix) moved to WEQ-023 were included in the WEQ-001-18 Postback Requirements³⁷ and WEQ-001-19 Grandfathered Agreements³⁸ in the Version 003 NAESB standards.³⁹
- (10) Other modifications to standards to support consistency across the OASIS-related standards, to the extent the modifications are included in WEQ-002, WEQ-003, and WEQ-013, or in provisions of WEQ-001 and WEQ-012, for which the Commission has previously granted a CAISO petition for waiver.

C. Request for Waiver of WEQ-006-5 and WEQ-006-9

The WEQ-006 Manual Time Error Correction Business Practice Standards define the commercial-based procedures to be used for reducing time error to within acceptable limits of true time. In the Timer Error Correction NOPR, the Commission

³⁷ WEQ-001-18 requires Transmission Providers to incorporate Postbacks of redirected services in its ATC postings. The CAISO's market model does not use redirect requests, and the Commission has not required the CAISO to do so. Therefore, the CAISO does not have Postbacks to incorporate in its ATC postings.

³⁸ WEQ-001-19 requires Transmission Providers to identify the aggregate value for the grandfathered agreements component of its ATC calculations. The CAISO incorporates grandfathered agreements in its ATC calculation on its OASIS through the posting of hourly unscheduled transmission rights capacity. This capacity reduces otherwise available transfer capability so that the market is aware of the impact of reservation of existing rights on the capacity available for market participant scheduling. The Commission has previously approved the method by which the CAISO accounts for the impact of existing transmission commitments on the ATC calculation as reflected in its OASIS posting of hourly unscheduled transmission rights. Moreover, the CAISO accomplishes this posting without the use of the "system data" template.

³⁹ NAESB lists the following standards as reserved: WEQ-001-18, WEQ-001-18.1, WEQ-001-18.1.1, WEQ-001-18.1.2, WEQ-0018-1.2.1, WEQ-001-18.1.2.2, WEQ-001-18.1.2.3, WEQ-001-18.1.3, WEQ-001-18.2, WEQ-001-19, WEQ-001-19.1, WEQ-001-19.1.1, WEQ-001-19.1.2, and WEQ-001-D Appendix D.

proposed to approve NAESB's latest version of its Business Practice Standards and remove the incorporation by reference of WEQ-006 as adopted by NAESB in its WEQ Version 003.0 Business Practice Standards.⁴⁰ However, after considering comments on this proposal, the Commission decided in Order No. 676-I not to adopt the NOPR proposal to eliminate the incorporation by reference to WEQ-006.⁴¹ In making this decision, the Commission stated that Time Error Correction remains an important business practice that requires a meaningful business practice standard.⁴²

In the Western Interconnection, the Western Electricity Coordinating Council (WECC) does not use the manual Timer Error Correction (MTEC) procedures contemplated by WEQ-006. Rather, WECC uses automatic Time Error Correction (ATEC), according to the procedures set forth in Regional Reliability Standard BAL-004-WECC-3 (entitled Automatic Time Error Correction).⁴³

The original intent of BAL-004-WECC-3 was to minimize the number of MTECs in the Western Interconnection.⁴⁴ ATEC provides the added benefit of a superior approach over North American Electric Reliability Corporation (NERC) Reliability Standard BAL-004-0 – Time Error Correction for assigning costs and providing for the equitable payback of Inadvertent Interchange.⁴⁵

⁴⁰ *Standards for Bus. Practices & Communication Protocols for Public Utilities*, Notice of Proposed Rulemaking, 165 FERC ¶ 61,007, at P 1 (2018) (Time Error Correction NOPR).

⁴¹ Order No. 676-I at P 46.

⁴² *Id.*

⁴³ Regional Reliability Standard BAL-004-WECC-03 (Automatic Time Error Correction), available at: <https://www.nerc.com/files/BAL-004-WECC-3.pdf>.

⁴⁴ *Id.* at p. 9.

⁴⁵ *Id.*

Under BAL-004-WECC-3, Balancing Authorities within WECC generally are required to continuously automatically correct for their contribution to time error using automatic generation control systems. To do so, Balancing Authorities are required to maintain Interconnection frequency within a predefined frequency profile and to ensure that time error corrections are effectively conducted in a manner that does not adversely affect the reliability of the Interconnection.⁴⁶ In rare cases, certain operational events may lead to suspension of ATEC, requiring MTECs to be performed for reliability purposes.⁴⁷

The CAISO respectfully requests waiver of the time monitoring requirement in WEQ-006-5 and the time error notification requirement in WEQ-006-9 because these MTEC procedures conflict with how the CAISO, and other Balancing Authorities in the Western Interconnection, accomplish these tasks under the ATEC procedures in BAL-004-WECC-3.⁴⁸ The CAISO believes that the procedures in BAL-004-WECC-3 appropriately keep the interconnection frequency within acceptable limits of true time not only from a reliability standpoint but also from a commercial standpoint, thus satisfying the purpose of WEQ-006. Requiring the CAISO to follow two different time

⁴⁶ *Id.*

⁴⁷ See *W. Elec. Coordinating Council Reg'l Reliability Standard Regarding Automatic Time Error Correction*, Order No. 723, 127 FERC ¶ 61,176 (2009) (approving WECC Automatic Time Error Correction Regional Reliability Standard). In the rare instance where a manual correction is needed, Balancing Authorities in the Western Interconnection utilize the MTEC procedures set forth in the NERC Time Monitoring Reference Document, which is available at: https://naesb.org/pdf4/weq_bps062520w1.pdf. As the Time Error Monitor for the Western Interconnection, the CAISO has incorporated the procedures in the NERC Time Monitoring Reference Document into its Reliability Coordinator Procedure RC 0220 (Time Error Correction), which is available at: <https://www.caiso.com/Documents/RC0220.pdf>.

⁴⁸ The CAISO has incorporated BAL-004-WECC-03 R1, R4 into its Operating Procedure 2550 (Inadvertent Interchange ATEC Payback), which is available at: <http://www.caiso.com/Documents/2550.pdf>.

error correction standards -- MTEC for commercial purposes under WEQ-006 and ATEC for reliability purposes under BAL-004-WECC-3 – would either lead to inconsistent results or cause the CAISO to violate one standard in order to comply with the other, posing a risk to both grid and commercial reliability.

For the reasons set forth above, the CAISO requests that the Commission grant waiver of the WEQ-006-5 and WEQ-006-9 requirements.

III. Communications

Correspondence and other communications regarding this filing should be directed to:

John E. Spomer
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7236
E-mail: jspomer@caiso.com

Sean A. Atkins
Bradley R. Miliauskas
Davis Wright Tremaine, LLP
1301 K Street, NW
Suite 500 East
Washington, DC 20005
Tel: (202) 973-4200
Fax: (202) 973-4499
E-mail: seanatkins@dwt.com
bradleymiliauskas@dwt.com

IV. Service

The CAISO has served copies of this filing on the California Public Utilities Commission, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of the filing on the CAISO website.

V. Conclusion

For the reasons set forth in this filing, the CAISO respectfully requests that the Commission grant this petition for waiver.

Respectfully submitted,

John E. Spomer
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7236
E-mail: jspomer@caiso.com

Sean A. Atkins
Bradley R. Miliauskas
Davis Wright Tremaine, LLP
1301 K Street, NW
Suite 500 East
Washington, DC 20005
Tel: (202) 973-4200
Fax: (202) 973-4499
E-mail: seanatkins@dwt.com
bradleymiliauskas@dwt.com

Counsel for the California Independent System Operator Corporation

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