

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

**California Independent System            )       Docket No. ER16-1983-000**  
**Operator Corporation                    )**

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION TO COMMENTS**

The California Independent System Operator Corporation (CAISO) provides this answer to the comments filed by Pacific Gas and Electric Company (PG&E) in this proceeding on the CAISO's June 21, 2016, tariff amendment to enhance the local market power mitigation procedures used in the five-minute real-time dispatch (RTD) process.<sup>1</sup>

No intervenor opposes the June 21 tariff amendment, and PG&E asks the Commission to accept the June 21 tariff amendment as filed. In addition, PG&E requests that the Commission order the CAISO to submit a compliance filing in which it outlines a reversion plan it would enact in the event it encountered unanticipated performance issues upon implementation of the new mitigation procedures.<sup>2</sup> The CAISO explained in the June 21 filing that the "new mitigation approach . . . will be monitored upon implementation to ensure it is operating at a high level."<sup>3</sup> PG&E's request for a reversion plan seems to cover the scenario where the CAISO goes live with the new enhancements on the requested effective date of January 30, 2017, based on satisfactory completion of market simulation and quality assessment processes but

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<sup>1</sup> The CAISO files this answer pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213.

<sup>2</sup> PG&E comments at 3.

<sup>3</sup> June 21 filing at 10.

then discovers post-implementation that the new system is not operating at a high level. To create a reversion plan, the CAISO would have to anticipate the range of possible sub-optimal outcomes, their causes, and what it would do in response to them.

The CAISO does not believe that filing such a reversion plan would be a meaningful exercise nor would it hold any benefit for the CAISO or market participants. First, PG&E's request put the CAISO in the impossible position of anticipating the reasons why the new RTD mitigation approach would clear all of the market simulation and quality assessment processes yet perform sub-optimally upon implementation. If the CAISO was aware of such issues in its pre-deployment testing, it would have already fixed them before implementation. Second, proposing such a reversion plan also presupposes that implementation challenges justify reversion to the prior approach. If the CAISO proposal is approved as just and reasonable, then the imperative would be to fix the new system to make sure that the new approach works consistent with the FERC-approved tariff requirements, rather than abandon it for the old approach that has justifiably been replaced.

Finally, a reversion plan included as a compliance filing in this docket would do nothing to further PG&E's stated concern regarding what it characterizes as misgivings of "various market participants who have expressed performance concerns over the CAISO's plan to move the local market power mitigation process into the binding RTD market run."<sup>4</sup> The proposal in this docket would move the RTD mitigation run to the advisory run immediately preceding the binding market run. The CAISO has not proposed to move the local market power mitigation process into the binding RTD

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<sup>4</sup> PG&E comments at 3.

market run. Separately, and not part of this proceeding, pursuant to existing tariff authority, the CAISO will be moving the *RTUC* mitigation run into the binding *RTUC* market run.<sup>5</sup> That change is outside the scope of this proceeding. Any concerns PG&E may have about that, however, would not be addressed by a compliance filing in this proceeding.

For the reasons explained above, the CAISO requests that the Commission accept the June 21 tariff amendment without modification subject to the CAISO's commitment to continue its ongoing market simulation and quality control processes but without the need for the CAISO to file a reversion plan with the Commission as proposed by PG&E.

Respectfully submitted,

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<sup>5</sup> June 21 filing at 9-10.

## CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, 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, California this 27<sup>th</sup> day of July, 2016.

/s/ Grace Clark  
Grace Clark