

143 FERC ¶ 61,228
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

California Independent System Operator Corporation Docket No. ER13-1274-000

ORDER CONDITIONALLY ACCEPTING IN PART AND REJECTING IN PART
TARIFF REVISIONS

(Issued June 11, 2013)

1. On April 12, 2013, the California Independent System Operator Corporation (CAISO) filed revisions to its open access transmission tariff in order to clarify existing tariff provisions, ensure consistency throughout the tariff, and correct typographical and other errors.¹ In this order, the Commission conditionally accepts in part and rejects in part the tariff revisions for filing, to be effective June 12, 2013, with the exception of revisions to Appendix T (Small Generator Interconnection Agreement) and Appendix CC (Large Generator Interconnection Agreement for Interconnection Requests in a Queue Cluster Window), to be effective April 15, 2013. The Commission directs CAISO to submit a compliance filing within 30 days of the date of this order.

I. Background

2. CAISO states that it developed this filing after undertaking a review of its tariff, which identified the need to make clarifications and correct inconsistencies and inadvertent errors. CAISO's filing includes numerous proposed changes that are largely administrative such as correcting typographical and inadvertent language errors that appear in its tariff, deleting provisions that are no longer applicable, extending certain submission timelines, and removing the reporting requirement of certain information that CAISO already makes publicly available, among other things.

3. Other proposed changes are more substantive such as allowing CAISO to recover the administrative costs associated with providing market participants with archived invoices or the related settlement statements, modifying certain interconnection agreements to indicate repayment for non-phased generating facilities is contingent upon

¹ CAISO April 12, 2013 Filing at 7 (CAISO Filing).

the commercial operation date of the generating facility,² modifying section 8.9.11 of the tariff to state that CAISO will conduct performance audits for resources providing non-spinning reserve using telemetry data instead of meter data,³ changing the tariff to indicate that CAISO may dispatch non-contingency ancillary services out of merit order, or not dispatch ancillary services, in order to address forecasted grid conditions as well as transmission or resource operational constraints,⁴ and modifying Appendix L on CAISO's Method to Assess Available Transfer Capability to align CAISO's tariff with applicable reliability standards.⁵

4. CAISO maintains that the changes have been discussed with stakeholders, and that CAISO has incorporated a number of stakeholder proposals into the filing.⁶

II. Discussion

A. Procedural Matters

5. Notice of CAISO's filing was published in the *Federal Register*, 78 Fed. Reg. 23,761 (2013), with interventions, comments, and protests due on or before May 3, 2013. Timely motions to intervene were filed by California Department of Water Resources State Water Project, Cogeneration Association of California & the Energy Producers & Users Coalition, Modesto Irrigation District, Northern California Power Agency, Pacific Gas and Electric Company, Powerex Corp., and Trans Bay Cable LLC. Comments were filed by City of Santa Clara, California (SVP), NRG Companies (NRG), and Southern California Edison Company. Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities) filed a Limited Protest and Comments. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2012), the filing of timely, unopposed motions to intervene serves to make the movants parties to the proceeding.

6. On May 14, 2013, CAISO filed an Answer to comments and protests. Rule 213(a) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a) (2012), prohibits answers to protests unless otherwise permitted by the decisional authority. We

² *Id.* at 15.

³ *Id.*

⁴ *Id.* at 8.

⁵ *Id.* at 12.

⁶ *Id.* at 2.

accept CAISO's answer to protests and concerns because it has provided information that has assisted us in our decision-making process.

B. Administrative Fee

7. In the instant filing, CAISO proposes to add new tariff section 22.10 to provide that it may charge a scheduling coordinator an administrative fee to recover the costs of providing archived invoices and settlement statements to the scheduling coordinator.⁷ Specifically, CAISO proposes to charge \$200 for an archived invoice or the related settlement statement for the first two copies, and then \$50 for each additional copy.⁸

8. CAISO states that system limitations and cost of data storage limit the availability of such settlement statements and invoices on CAISO's market results interface to 30 days. According to CAISO, responding to requests for archived settlement statements and invoices creates additional work and copying costs for CAISO staff.⁹ CAISO maintains that the fees it proposes estimate the time and materials necessary for CAISO staff to query and provide archived information to scheduling coordinators. CAISO asserts that the fee will serve to incentivize scheduling coordinators and other market participants to use the web interface, and will provide them cost certainty in the event archived settlement statements and invoices are needed.¹⁰

Comments

9. Six Cities state that they are not opposed to the imposition of a reasonable fee. However, they protest that the proposed administrative fee is unnecessarily high. According to Six Cities, there is no actual cost support to show that \$200 is a reasonable charge for providing archived copies of these settlement statements or invoices. Six Cities maintain that once CAISO has retrieved an archived settlement statement or invoice, the incremental cost to produce additional copies should be minimal.¹¹

CAISO Answer

10. CAISO states that the Commission has previously identified a range of between \$33 and \$54 dollars per hour as an average salary of business operations specialists and

⁷ *Id.* at 7.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ Six Cities Comments at 3-4.

computer and information systems managers for time spent manually gathering data.¹² CAISO states that business operations specialists and computer and information systems managers are the type of CAISO staff involved in interfacing with scheduling coordinators, and that researching and retrieving archived settlement statements and invoices, and this process can require several hours of labor.¹³ According to CAISO, given the time potentially required to process a scheduling coordinator's request, the staff involved, and the fact that it is generally a manual process, its proposed administrative fee is within a just and reasonable range.¹⁴

11. CAISO adds that the proposed administrative fee will also incentivize scheduling coordinators to use the web interface that CAISO has established for the purpose of processing invoices or settlement statements, instead of unnecessarily leaning on CAISO resources to undertake work not funded by CAISO's grid management charge.¹⁵

Commission Determination

12. The Commission finds that CAISO's proposed administrative fee for archived settlement statements and invoices is just and reasonable. We find that CAISO has adequately supported the amount of time and labor required by CAISO's technical staff to retrieve archived settlement statements and invoices, and therefore CAISO's proposed fee structure accurately reflects the cost of researching and manually preparing the materials for scheduling coordinators requesting such information. Furthermore, CAISO's practice of allowing scheduling coordinators to use the web interface for 30 days to retrieve settlement statements and invoices without charge provides scheduling coordinators with an opportunity to retrieve the materials at no additional expense. Therefore, we also agree with CAISO that assessing an administrative fee will incentivize market participants to use CAISO's web interface as opposed to relying on CAISO resources.

C. Non-Phased Generating Facilities

13. CAISO proposes to modify Appendix CC (Large Generator Interconnection Agreement for Interconnection Requests in a Queue Cluster Window) and Appendix EE (Large Generator Interconnection Agreement under the Generator Interconnection and

¹² CAISO Answer at 5 (citing *Availability of E-Tag Information to Commission Staff*, Order No. 771, FERC Stats. & Regs. ¶ 31,339 (2012) (Cross-referenced at 141 FERC ¶ 61,235, at P 65 and n.160 (2012))).

¹³ CAISO Answer at 5.

¹⁴ *Id.*

¹⁵ *Id.* at 5-6.

Deliverability Allocation Procedures) to correct a discrepancy in the tariff with respect to the timing of repayment for amounts funded for network upgrade costs by interconnection customers with non-phased generating facilities.¹⁶ CAISO states conflicting provisions currently existing under the generator interconnection agreements under its tariff and the generator interconnection procedures. Specifically, CAISO states that Appendix Y (Generator Interconnection Procedures) and Appendix DD (Generator Interconnection and Deliverability Allocation Procedures), tie the repayment of transmission network upgrades to the commercial operation date of the generating facility.¹⁷ However, the large generator interconnection agreements found in Appendices CC and EE indicate that in addition to the commercial operation date, repayment is also contingent upon the corresponding network upgrades being placed in-service.¹⁸ Thus, CAISO is proposing to remove the in-service requirement for non-phased generating facilities from Appendices CC and EE.¹⁹

Comments

14. Six Cities argue that the Commission should reject CAISO's proposal to remove the in-service requirement for reimbursement for network upgrades required for non-phased generating facilities. Six Cities maintain that customers taking service under the CAISO tariff should not be required to pay for network upgrades that are not yet in-service, and an interconnection customer is not entitled to payment for an upgrade that is not yet complete. Six Cities state that Commission policy explicitly allows for an in-service requirement for network upgrades associated with phased generating facilities, and CAISO has provided no reason why non-phased generating facilities should be treated differently.²⁰

CAISO Answer

15. CAISO answers that the Commission has previously determined that CAISO's generator interconnection procedures provide that, with respect to non-phased projects, refunds for network upgrades begin upon the commercial operation date of the generating

¹⁶ CAISO Filing at 15.

¹⁷ Section 12.3.2.1 of Appendix Y and section 14.3.2.1 of Appendix D provide as follows: "Upon the Commercial Operation Date of a Generating Facility that is not a Phased Generating Facility, the Interconnection Customer shall be entitled to a repayment for the Interconnection Customer's contribution to the cost of Network Upgrades...."

¹⁸ CAISO Filing at 15.

¹⁹ *Id.*

²⁰ Six Cities Comments at 2-3.

facility.²¹ CAISO states that the Commission directed that if CAISO interprets its tariff differently, it should file revised tariff language to clarify the timing of refunds associated with a non-phased project. CAISO concedes that Six Cities may have a valid perspective, but CAISO asserts that the proposed changes to section 11.4.1 of Appendices CC and EE only serve to implement the Commission's prior order and remove any ambiguity from its tariff regarding what conditions apply to repayment of network upgrade costs for non-phased projects.²²

Commission Determination

16. The Commission accepts CAISO's proposed "clean-up" change to Appendices CC and EE to indicate that repayment for non-phased generating facilities is contingent upon the commercial operation date of the generating facility. The change proposed by CAISO ensures that the provisions currently found in the large generator interconnection agreements under CAISO's tariff correspond to the language found in the associated large generator interconnection procedures. We will dismiss Six Cities' argument that there should be an in-service requirement for non-phased generating facilities similar to phased generating facilities, as CAISO's proposed change is consistent with Commission precedent²³ and serves to remove ambiguity from existing tariff language regarding what conditions apply to repayment of network upgrade costs for non-phased projects. If CAISO supports modified tariff language to include the in-service requirement, it should file revised tariff language.²⁴

D. Certification and Testing Requirements

17. CAISO states that it proposes to modify section 8.3.4 of the tariff, which provides an overview of certification and testing requirements for resources to provide ancillary services in CAISO's market.²⁵ CAISO proposes to delete the sentence that states

²¹ CAISO Answer at 3 (citing *California Indep. System Operator Corp.*, 140 FERC ¶ 61,168, at P 7 (2012)).

²² *Id.* at 4.

²³ *California Indep. System Operator Corp.*, 140 FERC ¶ 61,168, at P 7 (2012).

²⁴ *Id.* PP 6-7. We note that CAISO had proposed to interpret its tariff such that non-phased generating facilities must wait until the associated network upgrades are placed in service before they will be entitled to receive refunds for network upgrades, but the Commission found that the plain language of the tariff controlled and that if CAISO interprets the tariff differently it should file revised tariff language. CAISO has elected not to revise its tariff language.

²⁵ CAISO Filing at 4.

“Voltage support may only be provided from resources that have been certified and tested by the CAISO using the process defined in Part D of Appendix K (Ancillary Service Requirements Protocol).”²⁶ CAISO asserts that it has no process to certify resources to provide voltage support as an ancillary service, therefore, the sentence at issue has no practical force or effect.²⁷

Comments

18. NRG agrees that deleting the voltage support sentence in section 8.3.4 has no practical effect, because CAISO is currently not treating voltage support as an ancillary service.²⁸ However, NRG argues that the Commission ordered CAISO to submit a plan for the competitive procurement of voltage support.²⁹ NRG protests that CAISO has neither submitted the plan as requested, nor re-initiated the stakeholder process to develop the plan. NRG requests the Commission renew the earlier directive for CAISO to submit a plan for the competitive procurement of voltage support and provide CAISO with a timeline for submitting that plan.³⁰

CAISO Answer

19. CAISO answers that in an order dated February 20, 2009 pertaining to exceptional dispatches issued by CAISO to obtain necessary voltage support, the Commission determined that voltage support services may be procured through a competitive market product and directed CAISO to file a report within 120 days to detail the outcome of the stakeholder process and its plans for a long-term solution to procure voltage support outside of exceptional dispatch.³¹ CAISO states that it submitted a status report on June 22, 2009 in Docket No. ER08-1178-000 in response to this directive. Further, CAISO continues to assess whether to initiate a stakeholder process devoted to the competitive procurement of voltage support.³² CAISO states that it requested that each

²⁶ *Id.*

²⁷ *Id.*

²⁸ NRG Comments at 4.

²⁹ *Id.* at 4 (citing *Cal. Indep. Sys. Operator Corp.*, 112 FERC ¶ 61,350 (2005) and *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,150, at P 45 (2009)).

³⁰ NRG Comments at 5.

³¹ CAISO Answer at 6-7 (citing *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,150, at P 45 (2009)).

³² CAISO Answer at 8.

stakeholder provide a list of five high priority items from CAISO's 2012 stakeholder initiatives catalog. According to CAISO, only two stakeholders ranked competitive procurement of voltage support as a priority.³³ CAISO adds that NRG did not select voltage support in its top five. CAISO states that NRG and other stakeholders interested in the development of this market product should present their views in the stakeholder initiative catalog process.³⁴

Commission Determination

20. We accept CAISO's proposed change to section 8.3.4 based on CAISO's claim that it currently has no process to certify resources to provide voltage support as an ancillary service. NRG does not disagree with CAISO's proposed change to section 8.3.4. However, we note that in CAISO's June 22, 2009 status report, CAISO stated that it would initiate a stakeholder process on the market-based procurement of voltage support outside of exceptional dispatch once it had obtained several additional months of data.³⁵ After nearly three additional years of market operation, we expect that CAISO has sufficient information to reinitiate the stakeholder process on the market-based procurement of voltage support. If CAISO has new information suggesting that a long-term solution for procuring voltage support outside of exceptional dispatch is no longer necessary, CAISO should file an updated report with the Commission.

E. Performance Audit for Non-Spinning Reserve

21. CAISO proposes to modify section 8.9.11 of the tariff to state that it will conduct performance audits for non-spinning reserve using telemetry data instead of meter data.³⁶ CAISO maintains that telemetry data provides CAISO with a greater degree of detail regarding a resource's response to dispatch instructions issued in connection with spinning reserve or non-spinning reserve awards of self-provisions.³⁷

³³ *Id.* at 9.

³⁴ *Id.*

³⁵ See *California Indep. Sys. Operator Corp.*, Status Report of the California Independent System Operator Corporation, Docket No. ER08-1178-000, at 11 (filed June 22, 2009).

³⁶ CAISO Filing at 4.

³⁷ *Id.* at 5.

Comments

22. SVP states that there appear to be unexplained and non-redlined differences in CAISO's filing and the CAISO tariff posted on CAISO's website.³⁸ SVP states that there is additional language in section 8.9.11 of CAISO's filing that does not appear in the existing tariff section posted on CAISO's website, and that is not redlined in the filing. Specifically, SVP states that section 8.9.10 of the tariff pertains to performance audits of *resources* providing spinning reserve while section 8.9.11 pertains to performance audits of non-spinning reserve provided by a *Generating Unit, Load, or System Resource*. Further, SVP states that there is additional language in CAISO's filing that does not appear in the existing tariff section on CAISO's website pertaining to the evaluation of an external import of a system resource providing non-spinning reserve as well as a load providing non-spinning reserve. SVP requests that CAISO be directed to explain whether these changes were intended or otherwise to correct the tariff to remove any unexplained and unintended revisions.³⁹

CAISO Answer

23. CAISO agrees to modify section 8.9.11 on compliance to replace the reference to Generating Unit, Load, or System Resource with a generic reference to the term resources.⁴⁰ CAISO also answers that it is not modifying the provisions governing how it will evaluate an external import of a system resource providing non-spinning reserve as well as a load providing non-spinning reserve in this amendment.⁴¹

Commission Determination

24. The Commission finds that it is appropriate to modify section 8.9.11 of the tariff to replace the reference to Generating Unit, Load, or System Resource with a generic reference to the term resources, consistent with section 8.9.10 of the tariff. We direct CAISO to make this change in a compliance filing due no later than 30 days from the date of this order. In response to SVP's concerns, no further revisions are necessary to section 8.9.11 because there are no discrepancies between CAISO's current tariff and the red-lined version submitted in this filing.

³⁸ SVP Comments at 3-4.

³⁹ *Id.* at 4.

⁴⁰ CAISO Answer at 12.

⁴¹ *Id.*

F. Dispatch of Energy from Ancillary Services

25. CAISO proposes to modify section 34.8 of the tariff to indicate that it may adjust the dispatch of spinning and non-spinning reserve as necessary, including not dispatching spinning and non-spinning reserve, to address forecasted conditions in subsequent intervals within the forward-looking time period of the optimization as well as to address transmission or resource operational constraints. CAISO states that such a practice allows it to protect operating reserves from dispatch in order to address anticipated grid conditions, when necessary.⁴²

Commission Determination

26. Although potentially reasonable, CAISO's proposed modification to section 34.8, as described in its transmittal letter, does not provide the Commission with enough information to determine the full impact of CAISO's market modification. Among other things, CAISO would need to explain the cost impact of implementing this proposed change on ratepayers, under what specific conditions it proposes to "adjust" the dispatch of spinning and non-spinning reserves and the specific manner in which this adjustment will be accomplished. In the absence of such explanation, the Commission rejects the proposed revisions without prejudice. If CAISO wishes to provide additional information to support the proposed modification to section 34.8 and have that information considered in this proceeding, as opposed to seeking such consideration in a subsequent section 205 filing, it must do so within 30 days of the date of this order.

G. Method to Assess Available Transfer Capability

27. CAISO proposes to amend Appendix L (Method to Assess Available Transfer Capability) to primarily align its tariff with applicable reliability standards. CAISO proposes to delete certain inapplicable or obsolete references throughout the appendix. CAISO also proposes in section L.4.3.1 on System Limits to replace the term "N-1_{worst}" with the phrase "most limiting credible contingency" in the description of Total Transfer Capability (TTC) such that TTC would equal the lesser of (Thermal Limit, Voltage Limit, Stability Limit) following the most limiting credible contingency.

Commission Determination

28. The Commission conditionally accepts CAISO's proposed revisions to Appendix L, subject to CAISO modifying section L.4.3.1 in which it seeks to use the phrase "most limiting *credible* contingency" in the description of TTC. The Commission finds that this phrase is vague and not properly defined. The Commission is particularly concerned because CAISO could identify a contingency that is the most limiting, but

⁴² *Id.* at 8.

make a determination on whether that contingency is credible without using defined criteria to make an objective decision. Therefore, the Commission requests that CAISO replace the phrase “most limiting credible contingency” with “following contingencies consistent with requirements of the NERC Reliability Standards,” and submit this change in a compliance filing due 30 days from the date of this order.

H. Minor Errors in CAISO’s Proposed Tariff Revisions

29. Commenters have identified several proposed tariff revisions that require correction of typographical and other errors, including modifications to section 40.4.6.2.1 regarding a series of steps involving the annual process to request assignment of available import capability at CAISO’s interties for resource adequacy purposes. In its Answer, CAISO proposes to make modifications correcting all inadvertent omissions and other typographical errors.

Commission Determination

30. CAISO’s tariff modifications proposed in response to commenters address the concerns of those commenters, including CAISO’s proposal to revise section 40.4.6.2.1 of the tariff so that it is consistent with the transmittal letter. The Commission finds that CAISO’s revisions in response to commenters improve the clarity of the tariff sections at issue and eliminate typographical and other errors that would otherwise be present in the tariff. Accordingly, the Commission directs CAISO to reflect these revisions in a compliance filing no later than 30 days from the date of this order.

I. Miscellaneous Uncontested Provisions

31. CAISO proposes miscellaneous tariff changes which were uncontested in this proceeding. These changes clarify numerous tariff sections, delete inapplicable tariff provisions, and adjust some deadlines to provide market participants and CAISO additional time for certain actions, among other changes.

Commission Determination

32. The Commission finds that the uncontested miscellaneous revisions contained in the instant filing remove numerous obsolete and moot provisions, correct typographical errors, and clarify potentially confusing language. As such, the proposed revisions help make CAISO’s existing practices, requirements, and obligations more clear to market participants and other interested parties. These revisions also do not alter CAISO’s existing policies, and therefore are just, reasonable, and not unduly discriminatory. Accordingly, the Commission accepts these uncontested tariff revisions for filing.

J. Effective Date

33. CAISO proposes an effective date of June 12, 2013 for the tariff provisions submitted in the filing with the exception of revisions to Appendix T (Small Generator Interconnection Agreement) and Appendix CC (Large Generator Interconnection Agreement for Interconnection Requests in a Queue Cluster Window) for which CAISO requests an effective date of April 15, 2013.⁴³ CAISO states that during the spring of 2013, it plans to tender for execution and execute a large number of *pro forma* contracts with small generator interconnection customers using Appendix T and large generator interconnection customers using Appendix CC. Without a waiver of the prior notice requirement, those interconnection customers will likely need to amend their agreements. Therefore, CAISO requests the Commission waive the sixty day prior notice requirement for the revisions proposed in Appendices T and CC.⁴⁴

Commission Determination

34. The Commission conditionally accepts in part and rejects in part CAISO's proposed revisions as discussed in the body of this order, to be effective June 12, 2013, except for those revisions to Appendices T and CC, for which waiver of the Commission's prior notice requirements pursuant to section 35.11 of the Commission's regulations (18 C.F.R. § 35.11) is granted, and the revisions to Appendices T and CC are accepted, effective April 15, 2013, as requested.

The Commission orders:

(A) CAISO's tariff filing is hereby conditionally accepted in part, subject to further modifications, and rejected in part, effective June 12, 2013, with the exception of revisions to Appendix T and Appendix CC, to be effective April 15, 2013.

(B) CAISO is hereby directed to submit, within 30 days of the date of issuance of this order, a compliance filing, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁴³ *Id.* at 16.

⁴⁴ *Id.*