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

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| California Independent System Operator Corporation | Docket No. ER19-1837 |

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION TO FILE ANSWER AND ANSWER TO COMMENTS**

The California Independent System Operator Corporation (CAISO) submits this answer to the June 4, 2019 comments of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") in response the CAISO's filing to make certain tariff clarifications in this docket.[1] As part of its filing, the CAISO proposed tariff revisions to add additional detail to clarify the meaning of tariff provisions, ensure consistency throughout the tariff as well as between the tariff and applicable business practices, and correct typographical and other inadvertent errors. In its comments, Six Cities identifies two concerns with the CAISO's filing:

(1) proposed revisions to tariff section 40.9.6.2(d) to clarify the timing for the distribution of any surplus funds relating to collection of Non-Availability Charges under the CAISO's Resource Adequacy Availability Incentive Mechanism ("RAAIM") that are not paid out as Availability Incentive Payments to eligible resources during the course of a year; and

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[1] The CAISO files this answer pursuant to Rules 212 and 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213. Rule 213(a)(2) prohibits answers to protests absent permission of the Commission. Six Cities filed comments and not a protest. However, the CAISO hereby moves for leave to make the answer to the comments received out of an abundance of caution. Good cause exists here 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 case. *See, e.g., Equitrans, L.P.*, 134 FERC ¶ 61,250, P 6 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,023, P 16 (2010); *Xcel Energy Services, Inc.*, 124 FERC ¶ 61,011, P 20 (2008).

(2) the rationale for the proposed changes to the definition of Scheduling Coordinator Metered Entity in Appendix A to the CAISO Tariff.

The CAISO proposes to address these concerns on compliance, if the Commission so directs.

## I. The CAISO is proposing only to modify language related to the timing of distributed unallocated funds calculated under its Resource Adequacy Availability Incentive Mechanism and not the allocation methodology for those funds

In its filing, the CAISO proposes to revise section 40.9.6.2(d), which relates to the distribution of charges under the CAISO's resource adequacy availability incentive mechanism (RAAIM) that are not distributed to eligible resource adequacy resources. Unallocated funds roll over month-to-month until the end of the calendar year. As currently written, the CAISO's tariff suggests that the unallocated rollover funds must be distributed on December 31 of the given resource adequacy year. RAAIM is assessed over the course of a month so the CAISO cannot calculate December RAAIM charges or determine the extent of any annual rollover funds until after the month is over. The CAISO accordingly is seeking to clarify section 40.9.6.2(d) to provide that the CAISO will distribute the funds after the year is over, rather than on the last day of the year.

In its comments, Six Cities correctly raises a concern that the CAISO's tariff revisions as proposed would also modify the allocation methodology for the distribution of these funds.[2] In the redline tariff sheets submitted with the CAISO's filing, the CAISO proposed to delete language that specifies how the CAISO would allocate undistributed Non-Availability Charge funds collected for local and/or system Resource Adequacy

[2] Comments of Six Cities at 2-3.

Capacity to Load Serving Entities. This was an inadvertent error. In its comments, Six Cities proposes tariff language to correct this error. The CAISO agrees that Six Cities proposed tariff revisions are consistent with the CAISO's intended tariff revision and agrees to make these changes on compliance. Accordingly, if the Commission so directs, the CAISO will modify section 40.9.6.2(d) as part of a compliance filing in this proceeding, to reflect the following redline changes.

> **Unpaid Funds.** Any Non-Availability Charge funds that are not distributed to Resource Adequacy Resources eligible to receive Availability Incentive Payments in a month will be added to the funds available for Availability Incentive Payments in the next month and will continue to roll over to ~~the~~ successive months until the end of the year. The CAISO distributes any unallocated funds remaining after the CAISO settles December monthly RAAIM Non-Availability Charges and Availability Incentive Payments. ~~paid out or December 31, at which time t~~ The separate pool of undistributed Non-Availability Charge funds collected for local and/or system Resource Adequacy Capacity will be distributed to Load Serving Entities based on their load ratio share for the year. The separate pool of undistributed Non-Availability Charge funds collected for Flexible RA Capacity will be distributed to Load Serving Entities based on their overall ratio of obligation to demonstrate Flexible RA Capacity for the year.

This redline language reflects that the CAISO will not distribute unpaid funds on December 31, but instead issue any any unallocated funds remaining after the CAISO settles December monthly RAAIM Non-Availability Charges and Availability Incentive Payments after the end of the calendar year *and* consistent with the existing allocation methodologies set forth in the CAISO tariff.

## II. The CAISO's proposed change to the definition of Scheduling Coordinator Metered Entity seeks to correct this defined term

In its comments, Six Cities also argues that the rationale provided in the CAISO's filing for the proposed change to the definition of Scheduling Coordinator Meter Entity does not make sense.[3] The CAISO agrees. In its tariff filing, the CAISO proposes to modify the definition of Scheduling Coordinator Metered Entity, which currently includes the following entity: "a utility that requests that Unaccounted For Energy [UFE] for its Service Area be calculated separately, in relation to its meters at points of connection of its Service Area with the system of other utilities."[4] The CAISO is proposing to delete such an entity from the list of entities eligible to be a Scheduling Coordinator Meter Entity.

However, the reason offered by the CAISO in its filing is incorrect. The proposed revision is just and reasonable because utilities that elect to seek a separate UFE[5] calculation must meet all CAISO Metered Entity metering requirements at the ties to other utilities. These requirements include polling meter directly via the Revenue Meter Data Acquisition and Processing System by the CAISO.[6] Calculating UFE for a utility requires CAISO meters at each intertie point between that utility and other utilities to account for all energy, demand, imports, and exports from that utility. This change will

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3 Comments of Six Cities at 2.

4 See attachment A to CAISO tariff filing in ER19-1837 at 22 of 25.

5 The CAISO tariff defines UFE as follows:

> The difference in Energy, for each utility Service Area and Settlement Period, between the net Energy delivered into the utility Service Area, adjusted for utility Service Area Transmission Losses, and the total Measured Demand within the utility Service Area adjusted for distribution losses using Distribution System loss factors approved by the Local Regulatory Authority. This difference is attributable to meter measurement errors, power flow modeling errors, energy theft, statistical Load profile errors, and distribution loss deviations. For EIM Market Participants, the CAISO will calculate Unaccounted For Energy based on the EIM Entity Balancing Authority Area instead of the utility Service Area.

6 CAISO tariff section 10.2.1.1 and section 5.1, 6.2 and 9.3 of the CAISO Business Practice Manual for Metering. https://bpmcm.caiso.com/BPM%20Document%20Library/Metering/BPM%20for%20Metering_v18_Clean.docx

have no impact on existing utilities requesting their own UFE calculation because they have always been CAISO Metered Entities. In a prior filing, the CAISO inadvertently included these utilities under the list of eligible Scheduling Coordinator Metered Entities.[7]

## III. Conclusion

The CAISO requests that the Commission accept the CAISO tariff clarifications filing, as modified by this answer. The CAISO agrees to make the changes identified in this answer as part of a compliance filing, if the Commission so directs.

Respectfully submitted,

**By: */s/ Andrew Ulmer***

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7 *Cf.* CAISO tariff filing to implement metering rules enhancements dated February 8, 2017 in Commission Docket ER17-949 at 6-7 to redline tariff sheets included in Attachment B to that filing. https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14486525.

## 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 captioned 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 Folsom, California this 13th day of June 2019.

Anna Pascuzzo

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