



June 22, 2020

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Response to Deficiency Letter
Docket No. ER04-835-010**

Dear Secretary Bose:

On October 28, 2019, as supplemented on March 2, 2020 and March 31, 2020, the California Independent System Operator Corporation (CAISO) submitted a compliance filing in this proceeding (Compliance Filing). The Commission issued a letter to the CAISO on May 21, 2020 stating that the Compliance Filing is deficient and that additional information is necessary to process it (May 21 Letter). The CAISO submits this response to provide the additional information required by the May 21 Letter.

I. Background

On August 28, 2019, the Commission issued an order finding in relevant part that it was appropriate for the CAISO to assess interest on refunds and resettlements made in connection with this proceeding from July 17, 2004, with the interest amounts to be calculated consistent with section 35.19a of the Commission's regulations.¹ The Commission directed the CAISO to submit a compliance filing "reflecting the invoices it plans to distribute for interest amounts."² The CAISO had processed the underlying resettlement in 2014, as described in a pair of refund reports the Commission accepted in the August 28 Order.³

¹ *Cal. Indep. Sys. Operator Corp.*, 168 FERC ¶ 61,127, at PP 28-29 (2019) (August 28 Order), *reh'g denied*, 171 FERC ¶ 61,109 (2020).

² August 28 Order at P 29.

³ *Id.* at PP 1, 12. The refund period ran from July 17, 2004 through March 31, 2009, after which date the CAISO implemented its current market design. As explained in the refund reports,

The CAISO submitted the Compliance Filing in an effort to satisfy the directive in the August 28 Order. As stated in the Compliance Filing, interest on the reallocated minimum load costs at issue in this proceeding total \$88.3 million and interest on the reallocated start-up costs at issue in the proceeding total \$6 million through March 31, 2020, the end-date of the CAISO's interest calculations. The CAISO also stated that it has provided each market participant with specific details regarding its interest charges and allocations for those amounts. The CAISO's goal was to provide each party with sufficient information to validate the interest calculations.

On April 3, 2020, the Commission issued an order directing the CAISO to refrain from resettling its market until the Commission has accepted the Compliance Filing.⁴ The CAISO therefore suspended its processing of settlement statements and invoices and cancelled any invoices it had already issued to market participants for interest (subject to reissuance if so required pursuant to future Commission directives), and returned any interest pre-payments to market participants.

In the May 21 Letter, the Commission directed the CAISO to provide the following information in addition to that provided in the Compliance Filings:

- (1) An electronic form of detailed Excel spreadsheet detailing how interest was calculated, in accordance with the Commission's regulations, for both the minimum load adjustment costs and start-up costs (Interest Calculation Methodology); and
- (2) Either: (a) the invoices the CAISO intends to circulate among market participants; or (b) a table summarizing how interest costs will be allocated and invoiced among market participants (Invoicing Table).

The May 21 Letter directed the CAISO to provide this additional information within 30 days of the date of the letter, *i.e.*, by June 22, 2020.⁵

the CAISO provided the underlying refunds following court proceedings on Amendment No. 60 that concluded in late 2013. The CAISO invoiced the resettlement amounts that resulted in the refunds (excluding interest) on June 19, 2014, with payments due a week later on June 26, 2014.

⁴ *Cal. Indep. Sys. Operator Corp.*, 171 FERC ¶ 61,011, at P 15 and Ordering Paragraph (A).

⁵ Because the 30th day after May 21 falls on a weekend day (June 20), by Commission rule this response became due on the next business day, June 22. See 18 C.F.R. § 385.2007(a).

II. Response to Requests for Additional Information

A. Interest Calculation Methodology

The CAISO provides the Interest Calculation Methodology required by the May 21 Letter in Attachments A-1 and A-2 hereto. Attachment A-1 lists the Commission interest rates that were applicable for the period from July 17, 2004 through March 31, 2014. Attachment A-2 details how the CAISO calculated interest on the reallocated minimum load costs and start-up costs, in accordance with section 35.19a of the Commission's regulations.⁶ The calculated interest amounts reflected in the Interest Calculation Methodology include: (1) interest on the unpaid interest for the minimum load cost adjustments and start-up cost adjustments made in 2014 and described in the CAISO's refund reports, plus (2) additional interest on the unpaid interest from June 2014 through March 31, 2020.

The CAISO also requests confirmation from the Commission that it need not calculate interest beyond March 31, 2020, the end-date of the calculations set forth in the Compliance Filing. The CAISO would be able to issue settlement statements and invoices within 10 business days after the Commission issued an order accepting the Compliance Filing and confirming the March 31 end-date, and would be able to perform market clearing within 4 business days after issuance of the settlement statements and invoices. This would avoid the need to perform any additional calculations.

If, on the other hand, the Commission were to issue an order extending the end-date for the interest calculations, the CAISO would need another 45 calendar days from the date the Commission issues its order to calculate the additional interest that would apply from March 31 to the new end-date. Final resettlement could occur only after the CAISO performed those additional interest calculations.

The CAISO believes that this proceeding has gone on long enough and urges the Commission to hold the March 31 line. The Commission has "broad discretion" to fashion remedies, "including the interest for the applicable time period."⁷ Consistent with this broad discretion, the CAISO believes it is

⁶ The CAISO has also posted the material contained in Attachment A-2 on its website at <http://www.caiso.com/Documents/Amendment60andReliabilityCapacityServicesTariffInterestCalculations.pdf#search=%22Settlements%20Bulletin%22>. That material includes discussion of the CAISO's interest calculations associated with Reliability Capacity Services Tariff (RCST) revenues, which are unrelated to the interest calculations for the reallocated minimum load costs and start-up costs.

⁷ *La. Pub. Serv. Comm'n v. Entergy Services, Inc.*, 166 FERC ¶ 61,021, at P 13 (2019). See also *Cal. Indep. Sys. Operator Corp.*, 171 FERC ¶ 61,109, at P 37 (2020) ("The

appropriate for the Commission to confirm the March 31 end-date, which is only a few months in the past, rather than prolong the resettlement process.

B. Invoicing Table

The CAISO provides the Invoicing Table required by the May 21 Letter in Attachment B hereto.⁸ The Invoicing Table lists how interest costs will be allocated and invoiced for each CAISO market participant. Because this is commercially sensitive market participant data, the CAISO respectfully requests privileged treatment for the entirety of Attachment B pursuant to 18 C.F.R. § 388.112. Therefore, the CAISO is providing both a public (redacted) and a privileged (unredacted) version of Attachment B. As explained above, each market participant has already received its own data.

Further, the CAISO respectfully requests that the Commission waive the requirements of 18 C.F.R. § 388.112(b) to the extent they would otherwise require the CAISO to submit a form of non-disclosure agreement in this proceeding. The Commission has previously found that commercially sensitive, entity-specific information and confidential market data filed by an Independent System Operator or Regional Transmission Organization should not be disclosed, even pursuant to a non-disclosure agreement, to participants in a Commission proceeding.⁹ For similar reasons, the Commission should not require the CAISO to submit a non-disclosure agreement for disclosure of information contained in the Invoicing Table.

Commission's authority to require interest arises under the FPA [Federal Power Act], and the Commission is afforded broad discretion in exercising it, as noted above.") (internal citation omitted).

⁸ Pursuant to the choice given the CAISO in the May 21 Order, the CAISO is providing the Invoicing Table rather than the invoices the CAISO intends to circulate among market participants.

⁹ See, e.g., *ISO New Eng. Inc.*, 169 FERC ¶ 61,015, at PP 16-18 (2019); *ISO New Eng. Inc.*, 161 FERC ¶ 61,061, at PP 16-17 (2017).

III. Conclusion

For the reasons explained above and in the Compliance Filing, the CAISO requests that the Commission: (1) accept the Compliance Filing, as supplemented by this response; (2) confirm the March 31, 2020 end-date for the CAISO's interest calculations; and (3) grant privileged treatment for Attachment B to this filing and waive the requirement to submit a non-disclosure agreement.

Respectfully submitted,

Roger E. Collanton
General Counsel
Sidney L. Mannheim
Assistant General Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7144
Fax: (916) 608-7222
smanheim@caiso.com

Michael Kunselman
Bradley R. Miliauskas
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, NW
Suite 800
Washington, DC 20006
Tel: (202) 973-4200
Fax: (202) 973-4499
michaelkunselman@dwt.com
bradleymiliauskas@dwt.com

| Applicable Annual Quarter | Annual Rate | Monthly Rate | Monthly Rate |
|---------------------------|-------------|---|---------------------------|
| | | (Annual % / 365dx # days in month) ¹ | (Annual Rate / 12 Months) |
| First Quarter 2020 | 4.96% | Mar .0042 | 0.0041 |
| | | Feb .0039 | |
| | | Jan .0042 | |
| Fourth Quarter 2019 | 5.42% | Dec .0046 | 0.0045 |
| | | Nov .0045 | |
| | | Oct .0046 | |
| Third Quarter 2019 | 5.50% | Sep .0045 | 0.0046 |
| | | Aug .0047 | |
| | | Jul .0047 | |
| Second Quarter 2019 | 5.45% | Jun .0045 | 0.0045 |
| | | May .0046 | |
| | | Apr .0045 | |
| First Quarter 2019 | 5.18% | Mar .0044 | 0.0043 |
| | | Feb .0040 | |
| | | Jan .0044 | |
| Fourth Quarter 2018 | 4.96% | Dec .0042 | 0.0041 |
| | | Nov .0041 | |
| | | Oct .0042 | |
| Third Quarter 2018 | 4.69% | Sep .0039 | 0.0039 |
| | | Aug .0040 | |
| | | Jul .0040 | |
| Second Quarter 2018 | 4.47% | Jun .0037 | 0.0037 |
| | | May .0038 | |
| | | Apr .0037 | |
| First Quarter 2018 | 4.25% | Mar .0036 | 0.0035 |
| | | Feb .0033 | |
| | | Jan .0036 | |
| Fourth Quarter 2017 | 4.21% | Dec .0036 | 0.0035 |
| | | Nov .0035 | |
| | | Oct .0036 | |
| Third Quarter 2017 | 3.96% | Sep .0033 | 0.0033 |
| | | Aug .0034 | |
| | | Jul .0034 | |
| Second Quarter 2017 | 3.71% | Jun .0030 | 0.0031 |
| | | May .0032 | |
| | | Apr .0030 | |
| First Quarter 2017 | 3.50% | Mar .0030 | 0.0029 |
| | | Feb .0027 | |
| | | Jan .0030 | |
| Fourth Quarter 2016 | 3.50% | Dec .0030 | 0.0029 |
| | | Nov .0029 | |
| | | Oct .0030 | |

| Applicable Annual Quarter | Annual Rate | Monthly Rate | Monthly Rate |
|---------------------------|-------------|---|---------------------------|
| | | (Annual % / 365dx # days in month) ¹ | (Annual Rate / 12 Months) |
| Third Quarter 2016 | 3.50% | Sep .0029 | 0.0029 |
| | | Aug .0030 | |
| | | Jul .0030 | |
| Second Quarter 2016 | 3.46% | Jun .0028 | 0.0029 |
| | | May .0029 | |
| | | Apr .0028 | |
| First Quarter 2016 | 3.25% | Mar .0028 | 0.0027 |
| | | Feb .0026 | |
| | | Jan .0028 | |
| Fourth Quarter 2015 | 3.25% | Dec .0028 | 0.0027 |
| | | Nov .0027 | |
| | | Oct .0028 | |
| Third Quarter 2015 | 3.25% | Sep .0027 | 0.0027 |
| | | Aug .0028 | |
| | | July .0028 | |
| Second Quarter 2015 | 3.25% | June .0027 | 0.0027 |
| | | May .0028 | |
| | | Apr .0027 | |
| First Quarter 2015 | 3.25% | Mar .0028 | 0.0027 |
| | | Feb .0025 | |
| | | Jan .0028 | |
| Fourth Quarter 2014 | 3.25% | Dec .0028 | 0.0027 |
| | | Nov .0027 | |
| | | Oct .0028 | |
| Third Quarter 2014 | 3.25% | Sep .0027 | 0.0027 |
| | | Aug .0028 | |
| | | Jul .0028 | |
| Second Quarter 2014 | 3.25% | Jun .0027 | 0.0027 |
| | | May .0028 | |
| | | Apr .0027 | |
| First Quarter 2014 | 3.25% | Mar .0028 | 0.0027 |
| | | Feb .0025 | |
| | | Jan .0028 | |
| Fourth Quarter 2013 | 3.25% | Dec .0028 | 0.0027 |
| | | Nov .0027 | |
| | | Oct .0028 | |
| Third Quarter 2013 | 3.25% | Sep .0027 | 0.0027 |
| | | Aug .0028 | |
| | | Jul .0028 | |
| Second Quarter 2013 | 3.25% | Jun .0027 | 0.0027 |
| | | May .0028 | |
| | | Apr .0027 | |

| Applicable Annual Quarter | Annual Rate | Monthly Rate | Monthly Rate |
|---------------------------|-------------|---|---------------------------|
| | | (Annual % / 365dx # days in month) ¹ | (Annual Rate / 12 Months) |
| First Quarter 2013 | 3.25% | Mar .0028 | 0.0027 |
| | | Feb .0025 | |
| | | Jan .0028 | |
| Fourth Quarter 2012 | 3.25% | Dec .0028 | 0.0027 |
| | | Nov .0027 | |
| | | Oct .0028 | |
| Third Quarter 2012 | 3.25% | Sep .0027 | 0.0027 |
| | | Aug .0028 | |
| | | Jul .0028 | |
| Second Quarter 2012 | 3.25% | Jun .0027 | 0.0027 |
| | | May .0028 | |
| | | Apr .0027 | |
| First Quarter 2012 | 3.25% | Mar .0028 | 0.0027 |
| | | Feb .0026 | |
| | | Jan .0028 | |
| Fourth Quarter 2011 | 3.25% | Dec .0028 | 0.0027 |
| | | Nov .0027 | |
| | | Oct .0028 | |
| Third Quarter 2011 | 3.25% | Sep .0027 | 0.0027 |
| | | Aug .0028 | |
| | | Jul .0027 | |
| Second Quarter 2011 | 3.25% | Jun .0027 | 0.0027 |
| | | May .0028 | |
| | | Apr .0027 | |
| First Quarter 2011 | 3.25% | Mar .0028 | 0.0027 |
| | | Feb .0025 | |
| | | Jan .0028 | |
| Fourth Quarter 2010 | 3.25% | Dec .0028 | 0.0027 |
| | | Nov .0027 | |
| | | Oct .0028 | |
| Third Quarter 2010 | 3.25% | Sep .0027 | 0.0027 |
| | | Aug .0028 | |
| | | Jul .0028 | |
| Second Quarter 2010 | 3.25% | Jun .0027 | 0.0027 |
| | | May .0028 | |
| | | Apr .0027 | |
| First Quarter 2010 | 3.25% | Mar .0028 | 0.0027 |
| | | Feb .0025 | |
| | | Jan .0028 | |
| Fourth Quarter 2009 | 3.25% | Dec .0028 | 0.0027 |
| | | Nov .0027 | |
| | | Oct .0028 | |

| Applicable Annual Quarter | Annual Rate | Monthly Rate | Monthly Rate |
|---------------------------|-------------|---|---------------------------|
| | | (Annual % / 365dx # days in month) ¹ | (Annual Rate / 12 Months) |
| Third Quarter 2009 | 3.25% | Sep .0027 | 0.0027 |
| | | Aug .0028 | |
| | | Jul .0028 | |
| Second Quarter 2009 | 3.37% | Jun .0028 | 0.0028 |
| | | May .0029 | |
| | | Apr .0028 | |
| First Quarter 2009 | 4.52% | Mar .0038 | 0.0038 |
| | | Feb .0034 | |
| | | Jan .0038 | |
| Fourth Quarter 2008 | 5.00% | Oct .0042 | 0.0042 |
| | | Nov .0041 | |
| | | Dec .0042 | |
| Third Quarter 2008 | 5.30% | Jul .0045 | 0.0044 |
| | | Aug .0045 | |
| | | Sep .0044 | |
| Second Quarter 2008 | 6.77% | Jun .0056 | 0.0056 |
| | | May .0057 | |
| | | Apr .0056 | |
| First Quarter 2008 | 7.76% | Mar .0066 | 0.0065 |
| | | Feb .0062 | |
| | | Jan .0066 | |
| Fourth Quarter 2007 | 8.25% | Dec .0070 | 0.0069 |
| | | Nov .0068 | |
| | | Oct .0070 | |
| Third Quarter 2007 | 8.25% | Sep .0068 | 0.0069 |
| | | Aug .0070 | |
| | | Jul .0070 | |
| Second Quarter 2007 | 8.25% | Jun .0068 | 0.0069 |
| | | May .0070 | |
| | | Apr .0068 | |
| First Quarter 2007 | 8.25% | Mar .0070 | 0.0069 |
| | | Feb .0063 | |
| | | Jan .0070 | |
| Fourth Quarter 2006 | 8.17% | Dec .0069 | 0.0068 |
| | | Nov .0067 | |
| | | Oct .0069 | |
| Third Quarter 2006 | 7.74% | Sep .0064 | 0.0065 |
| | | Aug .0066 | |
| | | Jul .0066 | |
| Second Quarter 2006 | 7.30% | Jun .0060 | 0.0061 |
| | | May .0062 | |
| | | Apr .0060 | |

| Applicable Annual Quarter | Annual Rate | Monthly Rate | Monthly Rate |
|---------------------------|-------------|---|---------------------------|
| | | (Annual % / 365dx # days in month) ¹ | (Annual Rate / 12 Months) |
| First Quarter 2006 | 6.78% | Mar .0058 | 0.0057 |
| | | Feb .0052 | |
| | | Jan .0058 | |
| Fourth Quarter 2005 | 6.23% | Dec .0053 | 0.0052 |
| | | Nov .0051 | |
| | | Oct .0053 | |
| Third Quarter 2005 | 5.77% | Sep .0047 | 0.0048 |
| | | Aug .0049 | |
| | | Jul .0049 | |
| Second Quarter 2005 | 5.30% | Jun .0044 | 0.0044 |
| | | May .0045 | |
| | | Apr .0044 | |
| First Quarter 2005 | 4.75% | Mar .0040 | 0.004 |
| | | Feb .0036 | |
| | | Jan .0040 | |
| Fourth Quarter 2004 | 4.22% | Dec .0036 | 0.0035 |
| | | Nov .0035 | |
| | | Oct .0036 | |
| Third Quarter 2004 | 4.00% | Sep .0033 | 0.0033 |
| | | Aug .0034 | |
| | | Jul .0034 | |
| Second Quarter 2004 | 4.00% | Jun .0033 | 0.0033 |
| | | May .0034 | |
| | | Apr .0033 | |
| First Quarter 2004 | 4.00% | Mar .0034 | 0.0033 |
| | | Feb .0032 | |
| | | Jan .0034 | |



California ISO

SETTLEMENTS BULLETIN

Amendment 60 and Reliability Capacity Services Tariff Interest Calculations

June 2020

Revision History

| Date | Version | Description | Author |
|-----------|---------|-----------------|-----------------|
| June 2020 | 1.0 | Initial Version | Market Services |

- Note:** *This Settlements Bulletin provides information concerning the interest settlement of two remaining legacy tariff amendments as required by FERC orders in the Amendment 60 proceeding and the Reliability Capacity Services Tariff proceeding. Additional background information published in 2014 is available at the following link: http://www.caiso.com/Documents/Amendment60-OtherLegacyReruns_ReferenceMaterial-SchedulingCoordinators.pdf.*

Table of Contents

| | |
|---|----------|
| PURPOSE | 4 |
| AMENDMENT 60..... | 4 |
| BACKGROUND | 4 |
| AMENDMENT 60 INTEREST CALCULATION | 5 |
| RELIABILITY CAPACITY SERVICES TARIFF | 7 |
| BACKGROUND | 7 |
| RCST INTEREST CALCULATION | 7 |

Purpose

The purpose of this bulletin is to provide an overview of: (1) the interest calculations associated with the Amendment 60 minimum load cost adjustments and start-up cost adjustments; and (2) the interest calculations associated with the Reliability Capacity Services Tariff (RCST) revenues. As explained below, with respect to the Amendment 60 interest adjustments, the ISO has paused the settlement and invoicing of these adjustments at the direction of the Federal Energy Regulatory Commission (“Commission” or “FERC”), pending a Commission decision on the ISO’s compliance filings.

Amendment 60

Background

As part of the Commission proceeding on Amendment 60 to the ISO tariff (Docket No. ER04-835), the ISO proposed to modify the allocation of minimum load costs, and proposed no changes with respect to start-up or emissions costs. In 2006, however, the Commission directed the ISO to allocate start-up and emissions costs the same way as minimum load costs.

On December 30, 2013, the ISO filed an “Informational Refund Report of the California Independent System Operator Corporation” (“December 2013 Report”), which provided recalculation amounts for the refund period established by the Commission (i.e., July 17, 2004 through March 31, 2009, after which date the ISO implemented its current market design). On May 12, 2014, the ISO filed an updated “Informational Report of the California System Operator Corporation Concerning Status of Settlement Adjustments” (“May 2014 Report”) with an updated recalculation. The May 2014 Report stated that the ISO would be issuing invoices on a total resettlement amount of \$217 million, with the majority of the resettlement associated with the minimum load cost reallocation. The ISO issued Amendment 60 resettlement invoices on June 19, 2014 and performed market clearing for the invoices on June 26, 2014. At the time, the ISO intended to invoice interest associated on the Amendment 60 resettlement, but due to pending protests, the ISO decided to defer invoicing interests pending on the Commission’s orders in response to pending protests. On August 28, 2019, the Commission issued an order on rehearing that: (1) accepted the December 2013 and May 2014 Reports; (2) found that it was appropriate for the ISO to perform the 2014 resettlement; and (3) apply interest on the resettlement consistent with section 35.19a of the Commission’s regulations (18 C.F.R. § 35.19a).

In response to the third of these Commission directives, the ISO has calculated the interest on the minimum load cost (MLCC) adjustments and start-up cost (SUC) adjustments associated with Amendment 60, using the applicable quarterly interest rates determined pursuant to section 35.19a of the Commission’s regulations. The calculated interest amounts include interest on the unpaid interest for the MLCC and SUC made in 2014 plus additional interest on the unpaid interest from 2014 through March 31, 2020. The ISO was prepared to invoice market participants for the interest amounts.

However, on April 3, 2020, the Commission issued an order directing the ISO to refrain from resettling its market until the Commission had issued an order accepting compliance filings the ISO had submitted in the Amendment 60 proceeding. Accordingly, the ISO suspended its processing of settlement statements and invoices and cancelled any invoices it had already issued to market participants for interest (subject to reissuance if so required pursuant to future Commission directives), and returned any interest pre-payments to market participants. In response to those compliance filings, FERC has issued a deficiency letter requesting additional information, which the ISO submitted on June 22, 2020.

Amendment 60 Interest Calculation

To calculate interest, the ISO used the same process for both the MLCC and the SUC, so the interest calculation is described below as a single Amendment 60 adjustment. The ISO calculated the interest associated with the Amendment 60 adjustment using a two-step process: (1) calculation of interest on the MLCC and SUC adjustments invoiced on June 19, 2014; and (2) calculation of interest on the interest due or owed as of June 19, 2014 that was scheduled to be invoiced on March 31, 2020. The ISO explains each of these two steps below and also provides tables that illustrate how the ISO applied the steps to determine resettlements for four scheduling coordinators, with the names of the scheduling coordinators masked to prevent disclosure of their financial information.

1. Interest calculation on Amendment 60 adjustment:
 - a. For each trading month, the ISO determined each scheduling coordinator's MLCC adjustment amount and/or SUC adjustment amount for that trading month.
 - b. For each trading month, the ISO identified the invoice date of the final settlement invoice.
 - c. The ISO obtained the FERC interest rate (i.e., the interest rate determined pursuant to section 35.19a of the Commission's regulations) for each quarter for calendar period for 2004 through 2014.
 - d. The ISO converted each quarterly interest rate into a daily interest rate.
 - e. For the calendar period between the final settlement invoice and the Amendment 60 resettlement invoice, the ISO applied the appropriate quarterly interest rate to each scheduling coordinator's MLCC and SUC adjustment for each given trading month.
 - f. The ISO calculated the interest due as of June 26, 2014 as the difference between (i) the Amendment 60 adjustment amount plus interest and (ii) the Amendment 60 adjustment amount.

| Table1: Interest Calculation on Amendment 60 adjustment | | | | | | |
|---|-----------|------------|------------|--|------------|------------|
| Trade Month = | Jul-04 | Qtrly Calc | Qtrly Calc | | Qtrly Calc | Qtrly Calc |
| Initial Invoice Due Date = | 30-Sep-04 | 31-Dec-04 | 31-Mar-05 | | 31-Mar-14 | 26-Jun-14 |
| FERC Qtrly Int Rate | | 4.22% | 4.75% | | 3.25% | 3.25% |

| Daily Int Rate | | 0.01156% | 0.01301% | 0.00890% | 0.00890% | |
|--------------------------------|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|
| Days from Revenue Receipt Date | | 92 | 90 | 90 | 87 | |
| Jul-04 | Adjustment Amount | Adj Amt plus Q4 2004 Int | Adj Amt plus Q1 2005 Int | Adj Amt plus Q1 2014 Int | Adj Amt plus Q2 2014 Int | Interest as of Jun 26th, 2014 |
| ABCD | 5,455.00 | \$ 5,513.02 | \$ 5,577.59 | \$ 8,609.72 | \$ 8,676.42 | \$ 3,221.42 |
| WXYZ | 55,456.00 | \$ 56,045.87 | \$ 56,702.30 | \$ 87,527.19 | \$ 88,205.23 | \$ 32,749.23 |
| EFGH | (25,025.00) | \$(25,291.18) | \$(25,587.40) | \$(39,497.40) | \$(39,803.37) | \$(14,778.37) |
| MNOP | (35,886.00) | \$(36,267.71) | \$(36,692.49) | \$(56,639.51) | \$(57,078.27) | \$(21,192.27) |
| Grand Total | | | | | | |

2. Interest calculation on unpaid Interest due as of June 26, 2014:
 - a. For each trading month, the ISO determined each scheduling coordinator's interest due or owed as of June 26, 2014.
 - b. The ISO obtained the FERC interest rate for each quarter for calendar period for 2014 through 2020.
 - c. The ISO converted each quarterly interest rate into a daily interest rate.
 - d. For the calendar period between the Amendment 60 resettlement invoice and the proposed Amendment 60 interest invoice date (March 31, 2020), the ISO applied the appropriate quarterly interest rate to each scheduling coordinator's interest amount due or owed for each given trading month.
 - e. The final interest due or owed to/from each scheduling coordinator is the final interest amount calculated as of March 31, 2020.

Table 2: Interest Calculation on Amendment 60 Interest

| Jul-04 | Qtrly Calc | Qtrly Calc | Qtrly Calc | Qtrly Calc | | |
|---------------------------------------|-------------------------------|---------------|---------------|---------------|---------------|-----------------------|
| A-60 Resettlement Invoice Date | Jun-26-14 | 30-Jun-14 | 30-Sept-15 | 31-Dec-19 | 31-Mar-20 | |
| FERC Qtrly Int Rate | 3.25% | 3.25% | 5.42% | 4.96% | | |
| Daily Int Rate | 0.00890% | 0.00890% | 0.01485% | 0.01359% | | |
| Days from Revenue Receipt Date | 4 | 92 | 92 | 91 | | |
| Jul-04 | Interest Due as June 26, 2014 | Q2 2014 Int | Q3 2014 Int | Q4 2019 Int | Q1 2020 Int | Total Interest |
| ABCD | \$ 3,221.42 | \$ 3,222.57 | \$ 3,248.97 | \$ 4,015.12 | \$ 4,064.77 | \$ 4,064.77 |
| WXYZ | \$ 32,749.23 | \$ 32,760.89 | \$ 33,029.26 | \$ 40,818.03 | \$ 41,322.79 | \$ 41,322.79 |
| EFGH | \$(14,778.37) | \$(14,783.63) | \$(14,904.74) | \$(18,419.49) | \$(18,647.27) | \$(18,647.27) |
| MNOP | \$(21,192.27) | \$(21,199.82) | \$(21,373.49) | \$(26,413.66) | \$(26,740.29) | \$(26,740.29) |
| Grand Total | | | | | | |

As shown in Table 1 and Table 2 above, using the two-step process resulted in interest owed or owing for each scheduling coordinator. For example, scheduling Coordinator ABCD owes \$4,064.77 in interest as calculated based on a \$5,455.00 Amendment 60 adjustment invoiced on June 26, 2014.

Reliability Capacity Services Tariff

Background

On August 18, 2009, the Commission FERC issued an order on remand in Docket No. EL05-146 that directed sellers of “eligible capacity” to refund all RCST revenues collected from June 1, 2006 to February 13, 2007, and to file refund reports on compliance. The affected sellers of eligible capacity were directed to pay the refunds to the ISO with interest calculated at the interest rate set forth in section 35.19a of the Commission’s regulations. The scheduling coordinators impacted by the Commission’s directives are divided into three categories:

- Category 1: Scheduling coordinators that were parties to the RCST docket and owed refunds that filed refund reports with the Commission detailing both the refunds and the interest they owed, and then paid the refunds and interest to the ISO in 2009.
- Category 2: Scheduling coordinators that were parties to the RCST docket and owed refunds that filed refund reports with the Commission detailing the refunds but not the interest they owed, and then paid the refunds to the ISO.
- Category 3: Other scheduling coordinators that were owed refunds but were not parties to the RCST docket. These scheduling coordinators did not pay refunds or interest to the ISO until the June 2014 invoicing.

RCST Interest Calculation

1. For those scheduling coordinators that paid interest to the ISO when they filed refund reports with the Commission (i.e., Category 1), the total interest received by the ISO is shown in the table below (again, with the identities of the relevant scheduling coordinators being masked in the this and the following tables).

| BAID | Name | Interest Received |
|--------------|------|------------------------|
| 1 | ABCD | \$ 920,436.92 |
| 2 | BCDE | \$ 571,323.14 |
| 3 | CDEF | \$ 55,014.40 |
| 4 | DEFG | \$ 223,809.47 |
| Total | | \$ 1,770,583.93 |

As of March 31, 2020, interest earned from the ISO trust account is \$211,398.84.

- For those scheduling coordinators that have not paid interest (i.e., Category 2), the ISO will calculate their interest in two parts. First, the ISO will calculate interest at the FERC interest rate from the date they received the RCST payments that are subject to refund in 2009. Second, the ISO will calculate the interest on interest from November 2009 to March 31, 2020. These calculations are illustrated in the tables shown below.

| Name | Month | Preliminary Invoice Date | RCST's Reimbursed Amount on Nov. 24, 2009 | Accumulated Interest to Nov 24, 2009 | Interest on Interest to March 31, 2020 | Total Interest |
|--------------|-----------|--------------------------|---|--------------------------------------|--|----------------|
| AABB | 8/1/2006 | 11/1/2006 | \$ 143,883.00 | \$ 31,195.29 | \$ 8,492.16 | \$ 39,687.45 |
| AABB | 10/1/2006 | 1/4/2007 | \$ 808.75 | \$ 154.63 | \$ 42.10 | \$ 196.73 |
| Total | | | \$ 144,691.75 | \$ 31,349.92 | \$ 8,534.26 | \$ 39,884.18 |

Sample of interest calculation based on the FERC interest rate:

| Trade Month | 8/1/2006 | QtrlyCalc | QtrlyCalc | QtrlyCalc | QtrlyCalc |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Initial Invoice Due Date | 01-Nov-06 | 31-Dec-06 | 31-Mar-07 | 30-Jun-07 | 24-Nov-09 |
| FERC Qtrly Interest Rate | | 8.17% | 8.25% | 8.25% | 3.25% |
| Daily Interest Rate | | 0.02238% | 0.02260% | 0.02260% | 0.00890% |
| Days from Revenue Receipt Date | | 92 | 90 | 91 | 55 |
| Interest Calculation | \$ 143,883.00 | \$ 146,845.96 | \$ 149,833.17 | \$ 152,915.02 | \$ 175,078.29 |

The interest from November 1, 2006 to November 24, 2009 = \$175,078.89 - \$143,883 = \$31,195.29.

| Interest Through Nov. 24, 2009 | \$ 31,195.29 | QtrlyCalc | QtrlyCalc | QtrlyCalc | QtrlyCalc |
|--------------------------------|--------------|--------------|-------------|-------------|-------------|
| | | 31-Dec-09 | 31-Mar-10 | 30-Jun-10 | 31-Mar-20 |
| FERC Qtrly Interest Rate | | 3.25% | 3.25% | 3.25% | 4.96% |
| Daily Interest Rate | | 0.00890% | 0.00890% | 0.00890% | 0.01359% |
| Days from Revenue Receipt Date | | 37 | 90 | 91 | 91 |
| Interest Calculation | | \$ 31,298.06 | \$31,548.88 | \$31,804.51 | \$39,687.45 |

The interest from interest from November 24, 2009 to March 31, 2020 = \$39,687.45 - \$31,195.29 = \$8,492.16.

- For other scheduling coordinators that are owed refunds but did not pay refunds or interest to the ISO until the June 2014 invoicing (i.e., Category 3), the ISO will calculate their interest in two parts. First, the ISO will calculate interest at the FERC interest rate from the date they received the RCST payments that are subject to refund in June 2014. Second, the ISO will calculate the interest on interest from June 2014 to March 31, 2020. These calculations are illustrated in the tables shown below.

| Name | Month | Preliminary Invoice Date | RCST Settlement Amount | Accumulated Interest to June 2014 | Interest on Interest to March 31, 2020 | Total Interest |
|--------------|----------|--------------------------|------------------------|-----------------------------------|--|------------------|
| CCDD | 6/1/2006 | 8/31/2006 | \$ (58,874.47) | \$ 24,765.07 | \$ 6,483.36 | 31,248.43 |
| CCDD | 7/1/2006 | 9/29/2006 | \$ (62,658.74) | \$ 25,812.95 | \$ 6,757.68 | 32,570.63 |
| Total | | | \$ (121,533.21) | \$ 50,578.02 | \$ 13,241.04 | 63,819.06 |

For scheduling coordinators in Category 3, the interest calculations are similar to the calculations for scheduling coordinators in Category 2 shown above.

Total RCST accumulated interest to be allocated:

| | | |
|-----------------------------------|---|------------------------|
| 1 | SC paid interests | \$ 1,770,583.93 |
| | Interest earned | \$ 211,398.84 |
| 2 | SC refund RCST, but did not paid interest | \$ 39,884.18 |
| 3 | SC did not refund nor paid interest | \$ 245,244.10 |
| Total Accumulated Interest | | \$ 2,267,111.05 |

RCST Interest Allocation:

The ISO will allocate the RCST accumulated interest pro-rata based on the total RCST reimbursement less any dispute adjustments.

For example:

If SC1 received a reimbursement of RCST in June 14, 2014 is \$10,000 and the total RCST reimbursement is \$20,000,000, SC1 will receive RCST accumulated interest as follows:

$$SC1 = -1 * ((\$10,000 / \$20,000,000) * 2,267,111.05) = -\$1,133.6.$$

Attachment B – Public Version

PRIVILEGED INFORMATION OMITTED PURSUANT TO 18 C.F.R. §388.112

Response to Deficiency Letter

Docket No. ER04-835-010

California Independent System Operator Corporation

June 22, 2020

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 above-referenced proceeding, pursuant to 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 22nd day of June, 2020.

/s/ Daniel Klein
Daniel Klein
Davis Wright Tremaine LLP