UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

California Independent System)	Docket No. ER23-2020-000
Operator Corporation)	

MOTION FOR LEAVE TO ANSWER AND ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

The California Independent System Operator Corporation (CAISO) respectfully submits its motion for leave to answer¹ and answer to the comments filed by Appian Way Energy Partners, LLC (Appian Way) and the Energy Trading Institute (ETI) in the above-referenced proceeding. As part of its tariff revisions, the CAISO proposes to adjust the threshold it applies in its markets for considering the effectiveness of a resource in managing congestion on a transmission constraint. Both Appian Way and ETI support approval of the CAISO tariff revisions² but argue there is a need for additional reform in the CAISO's congestion revenue rights market. Appian Way and ETI's arguments go beyond the scope of the CAISO's tariff amendment and the Commission need not consider them to approve the CAISO's proposed tariff revisions as just and reasonable. The CAISO will continue to work with stakeholders to assess

The CAISO submits this motion for leave to answer and answer pursuant to Rules 212 and 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213. The CAISO respectfully moves for waiver of Rule 213(a)(2), 18 C.F.R. § 385.213(a)(2), to permit it to answer the comments of Appian Way and ETI. Good cause for this waiver exists here because the answer will 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 proceeding. See, e.g., Equitrans, L.P., 134 FERC ¶ 61,250 at P 6 (2011); Cal. Indep. Sys. Operator Corp., 132 FERC ¶ 61,023 at P 16 (2010); Xcel Energy Servs, Inc., 124 FERC ¶ 61,011 at P 20 (2008).

The CAISO's Department of Market Monitoring and DC Energy, LLC also filed comments supporting approval of the CAISO's tariff revisions.

and evaluate various elements of its market design.

The Federal Power Act does not require the Commission to determine that a proposal is the best solution, only a reasonable one.³ In this proceeding, the CAISO proposes to lower its shift factor threshold to two-tenths of a percent for Default Load Aggregation Points (Default LAPs) and Trading Hubs. In addition, the CAISO proposes to lower the shift factor threshold to Interties with significant transfer capability, if further analysis performed by the CAISO supports doing so. The CAISO explains that, among other things, this change will better model the impact that these aggregated locations may have on flows to manage transmission constraints. By reducing the shift factor threshold, the CAISO will also bring the settlements of its congestion revenue rights more closely in alignment with pricing in the energy market, thereby making congestion revenue rights a more effective hedging instrument. Appian Way and ETI raise concerns about the under-collection (or underfunding) of congestion rents to fund congestion revenue rights settlements and the need for the CAISO to examine other rule changes. By better aligning the congestion revenue rights model and pricing model used in the integrated forward market, the CAISO's proposal will in part address this concern. Indeed, Appian Way and ETI both support the CAISO's proposed change and do not argue it is unjust or unreasonable.

The Commission need not consider calls for additional reforms in the context of the CAISO's Section 205 filing. The CAISO has explained to stakeholders participating in the initiative underlying this tariff revision that it will consider requests for additional

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³ See, e.g., Petal Gas Storage, L.L.C. v. FERC, 496 F.3d 695, 703 (D.C. Cir. 2007) ("FERC is not required to choose the best solution, only a reasonable one.").

market design initiatives in the context of its stakeholder initiative roadmap process.⁴ In addition, as the CAISO performs analysis on the drivers behind settlement outcomes observed by market participants it will share the results of that analysis, which will serve to inform areas of market design for further consideration. Appian Way and ETI may raise their concerns through that process. The Commission should not entertain them in the context of the CAISO's Section 205 filing. To do so would be procedurally improper.

For the reasons explained above and in this proceeding, the CAISO respectfully requests that the Commission accept its proposed tariff revisions as filed.

Respectfully submitted

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See CAISO Market Parameter Changes Enhancement Revised Final Proposal at p. 7: http://www.caiso.com/InitiativeDocuments/Revised-Final-Proposal-Market-Parameter-Changes-Enhancement.pdf

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 Folsom, California, this 29th day of June, 2023.

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