

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

California Independent System)
Operator Corporation) Docket No. ER13-2452-____

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO MODIFY EFFECTIVE DATE OF TARIFF REVISIONS
AND REQUEST FOR SHORTENED RESPONSE PERIOD**

The California Independent System Operator Corporation (“ISO”)¹ respectfully submits this motion to modify the effective date of the tariff revisions accepted and submitted on compliance in this proceeding.² The ISO requests that the effective date of the tariff revisions be modified from April 1, 2014 to May 1, 2014. Good cause exists for the Commission to grant this request because it is necessary to accommodate recent changes to the schedule for implementing such tariff revisions as part of the ISO’s spring 2014 release of market enhancements, which was originally scheduled for April 1 but cannot now be implemented until May 1.

Any answer to this motion should be due within five days after this motion is filed. The ISO requests that the Commission grant this motion by March 20, 2014.

I. Background

A. The ISO’s Filings in this Proceeding

¹ Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the ISO tariff.

² The ISO files this motion pursuant to Rules 212 and 2008(a) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.2008(a).

On September 25, 2013, the ISO filed tariff revisions to implement phase 1 of the ISO's renewable integration market and market review enhancements ("RIMPR-1"). The ISO filed the RIMPR-1 tariff revisions to lower the energy bid floor, modify the bid cost recovery settlement rules to pay bid cost recovery separately for the day-ahead and real-time markets, modify the uplift payment process, and eliminate potential incentives for adverse market behavior.

The ISO explained that the tariff revisions were part of a comprehensive set of real-time market design enhancements including additional enhancements related to Commission Order No. 764 that would subsequently be filed for Commission acceptance, including a new fifteen-minute market in which all energy schedules will be cleared. The ISO requested that the RIMPR-1 tariff revisions be made effective April 1, 2014, which was also the planned effective date of the real-time market design enhancements. The ISO described the rigorous schedule for testing, staging, and production of software changes that would be required to implement the tariff changes by that date. All of these tariff changes are part of the ISO's spring 2014 release of market enhancements originally scheduled to be implemented on April 1.

On November 26 and 27, 2013, the ISO filed tariff revisions to implement the real-time market design changes, also with a requested effective date of April 1, 2014.³ Commission action on those ISO filings is pending. The ISO's ability to

³ See Docket Nos. ER14-480 (concerning November 26, 2013 filing of tariff revisions related to Order No. 764) and ER14-495 (concerning November 27, 2013 filing of tariff revisions to comply with Order No. 764).

implement some of the RIMPR-1 tariff revisions is dependent on the Commission's acceptance of the real-time market design changes.⁴

On December 19, 2013, the Commission issued an order accepting the RIMPR-1 tariff revisions effective April 1 as requested by the ISO, subject to the ISO submitting a filing within 30 days to comply with several directives in the December 19 order.⁵ The ISO submitted the required compliance filing on January 22, 2014, with a requested effective date of April 1. Commission action on the compliance filing is pending.

B. Recent Changes to the Schedule for Implementing the Spring 2014 Release of Market Enhancements

The ISO has recently found that changes are required in the schedule for implementing the spring 2014 release of market enhancements. In particular, prior to implementing the new market enhancements, the ISO must complete the testing, staging, and production of the market optimization software required to implement the real-time market design enhancements filed on November 26 and 27. Specifically, the ISO needs one week to evaluate the impact of the Commission's order and two weeks prior to starting the code promotion to its stage environment to orchestrate the promotion and communicate its plans to market participants so that they too can prepare for the transition. The software must be promoted to the stage environment approximately three weeks prior to

⁴ The ISO is submitting a separate motion to modify the effective date of the tariff revisions submitted in those filings from April 1 to May 1, 2014.

⁵ *California Independent System Operator Corp.*, 145 FERC ¶ 61,254 (2013) ("December 19 order").

the effective date in order to perform the final load and performance testing. The ISO's testing phase will evaluate the completeness and quality of the delivered software solution. The testing will include functional testing of software to determine if the software product meets the business and system requirements identified by the ISO during the requirements and design phases, as well as how the software performs with the integration of downstream applications, including the ISO's settlement system. This level of testing is standard practice when deploying new software code or changes in any software code. The ISO believes that financial risks to market participants and the potential for issues with overall market solution quality caused by insufficient testing of the software are not acceptable outcomes from a software deployment perspective. The actual promotion of the code into the production environment must start approximately one week prior to the effective date in order to preserve the integrity of the deployment.

The ISO has two major releases per year for new market functionality. This allows the ISO to manage numerous changes to its processes and software in a streamlined and controlled manner. By scheduling two predictable and staged releases, the ISO can support a larger volume of enhancements while minimizing both technical and financial impacts to the ISO and its market participants. The ISO implements its annual spring release on the first day of the applicable spring month. Because the originally scheduled April 1 implementation date for the spring 2014 release is no longer feasible, the ISO has rescheduled the spring 2014 release for May 1. The successful deployment

of the spring 2014 release on May 1 will also ensure the timely implementation of the ISO's new energy imbalance market. This will allow balancing authorities throughout the west to voluntarily participate in the real-time imbalance energy market operated by the ISO, scheduled to become operational on October 1, 2014. The energy imbalance market design and software implementation plan will build on the real-time market design enhancements proposed in the November 26 and November 27 filings.⁶

Implementation of the spring 2014 release on May 1 requires a Commission order accepting those filings is required at least six weeks prior to the implementation date, *i.e.*, by March 20. This will also provide the ISO and market participants sufficient time to evaluate any changes that must be made in light of the Commission's order. If the Commission does not issue an order accepting the November 26 tariff filing and November 27 compliance filing by March 20, the ISO will not have sufficient time to take the appropriate steps, in accordance with good utility practice, to implement the new fifteen-minute market and related market design enhancements by May 1.

II. Motion for May 1, 2014 Effective Date for Tariff Revisions Pursuant to Commission Order Issued by March 20, 2014

Good cause exists for the Commission to modify the effective date of the tariff revisions conditionally accepted in the December 19 order and the tariff revisions submitted in the ISO's January 22 filing to comply with that order. Due

⁶ See transmittal letter for November 26 filing at 48; transmittal letter for November 27 filing at 10. On February 28, 2014, the ISO filed tariff revisions in Docket No. ER14-1386 to implement the new energy imbalance market effective October 1, 2014.

to changes to the schedule for implementing the spring 2014 release, as discussed above, the tariff revisions will not be implemented until May 1. Any answer to this motion should be due within five days after this motion is filed.⁷ The Commission should issue an order by March 20 that grants the ISO's request to modify the effective date of the tariff revisions.

The ISO does not propose any changes to the substantive tariff revisions themselves, but seeks only a one-month extension of their effective date from April 1 to May 1. If the Commission determines that the filing of this motion triggers a new comment period as to the ISO's January 22 compliance filing, any new comments should be limited to the merits of the requested one-month extension of the effective date.

After the Commission grants this motion, the ISO will make any necessary changes on compliance to the eTariff records for the tariff revisions to reflect their new May 1 effective date.

III. Conclusion

For the foregoing reasons, the Commission should find that good cause exists to issue an order by March 20, 2014 that modifies the effective date of the tariff revisions accepted and submitted on compliance in this proceeding from April 1 to May 1, 2014.

⁷ See 18 C.F.R. §§ 385.213(d)(1)(i).

Respectfully submitted,

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Dated: March 10, 2014

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each party listed on the official service list for this proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010 (2013)).

Dated at Washington, DC on this 10th day of March, 2014.

/s/ Sean Atkins
Sean Atkins