

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

California Independent System Operator Corporation))))	Docket No. ER04-835-010
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**SECOND SUPPLEMENTAL COMPLIANCE FILING
OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) respectfully submits this supplemental compliance filing pursuant to the Commission’s August 28, 2019 order¹ and the CAISO’s March 2, 2020 compliance filing in this proceeding (March 2 Compliance Filing). As discussed below, the CAISO has completed its calculations of the interest on reallocated start-up costs and will provide scheduling coordinators with their specific information. The CAISO plans to publish settlement statements and invoices for the interest amounts on April 9, 2020, and to clear the market on April 15, 2020.

¹ *Order on Rehearing and Clarification*, 168 FERC ¶ 61,127 (2019) (August 28 Order), which granted the CAISO’s request for rehearing of the Commission’s *Order on Informational Refund Report, Complaint, and Informational Filing*, 157 FERC ¶ 61,033 (2016). In the August 28 Order, the Commission reversed its prior rejection of the refund reports the CAISO had submitted in this proceeding in 2013 and 2014, found that it was appropriate for the CAISO to administer market resettlements it had performed in 2014, and found that interest should be applied to the refunds. August 28 Order at PP 12-29. The only compliance directive in the August 28 Order was for the CAISO to submit a compliance filing “reflecting the invoices it plans to distribute for interest amounts.” *Id.* at P 29.

I. Background

As the Commission explained in the August 28 Order, this proceeding has an extensive history.² The CAISO has covered this history in previous filings and therefore limits its discussion here to the March 2 Compliance Filing.

In the March 2 Compliance Filing, the CAISO explained that it had calculated interest on the reallocated minimum load costs at issue in this proceeding through March 31, 2020, and planned to publish settlement statements and invoices on March 31, 2020 and perform market clearing on April 6, 2020. The interest on the reallocated minimum load costs, which totals \$88.3 million, constitutes the majority of the interest on the reallocated must-offer cost amounts at issue here.³ The CAISO stated that it had provided each market participant with specific details regarding its interest charges and allocation for those amounts, would reach out to affected scheduling coordinators to provide each of them with their scheduling coordinator-specific data, and would schedule a conference call to respond to any questions.⁴ That conference call took place on March 25, 2020.

Regarding interest on the reallocated start-up costs, which constitutes the remainder of the reallocated must-offer cost amounts, the CAISO explained that it needed additional time due to the challenges involved in dealing with data and systems going back over 15 years. Specifically, the CAISO stated that it needed to manually extract the data, which was stored in a dedicated data base because

² See *id.* at PP 3-5.

³ March 2 Compliance Filing at 2, 4-5.

⁴ *Id.* at 7.

the software system that was used to create the original statements is no longer available.⁵ This task was further complicated because the start-up data needed to be reconstructed from archived data, which required significant man-hours to complete the job, whereas the minimum load cost data was comparatively much more accessible. Further, the CAISO had not worked with the start-up cost data in more than 5 years, that data is between 10 and 15 years old, and subject matter experts primarily responsible for the data have retired or are no longer working in settlements.⁶

Due to the challenges involved in dealing with the start-up cost data, the CAISO stated that it required additional time to calculate interest on the reallocated start-up costs. The CAISO explained that it planned to submit a further supplemental compliance filing by March 31, 2020 to update the Commission and parties on the status of the CAISO's efforts to document the interest on the start-up costs and to propose a timeline for issuing settlement statements and invoices for them.⁷

II. Second Supplemental Compliance Filing

The CAISO calculates that the amount of interest to be charged and allocated for start-up cost adjustments will total \$6 million. As was the case with the calculation of interest on reallocated minimum load costs described in the

⁵ The CAISO systems used prior to 2009 have been retired for many years. This means that these systems are not available to resend original settlement statements, for example.

⁶ *Id.* at 5. The CAISO also explained that it needed to rely on estimated cost data to comply with a Commission directive that start-up costs be allocated in the same manner as minimum load costs. *Id.* (citing December 20, 2013 refund report at 4).

⁷ *Id.* at 2, 6.

March 2 Compliance Filing, the CAISO calculated the interest on reallocated start-up costs through March 31, 2020.

Also, as the CAISO has done with regard to the interest calculations relating to reallocated minimum load costs, the CAISO will be providing each scheduling coordinator with its specific start-up cost data for review, will host a stakeholder meeting to field any questions or concerns, and will assist any scheduling coordinator that cannot find or access the data from 2014 that is used to perform the start-up cost interest calculations.

The CAISO plans to issue settlement statements and invoices for the start-up cost interest amounts on April 9, 2020, and to clear the market on April 15, 2020.⁸

Respectfully submitted,

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March 31, 2020

⁸ Pursuant to the regular process set forth in the CAISO tariff (see CAISO tariff section 11.29.8.4 *et seq.*), scheduling coordinators will be able to submit any disputes regarding the settlement statements by May 11, 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 31st day of March, 2020.

/s/ Daniel Klein

Daniel Klein

Davis Wright Tremaine LLP