

163 FERC ¶ 61,144
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Kevin J. McIntyre, Chairman;
Cheryl A. LaFleur, Neil Chatterjee,
Robert F. Powelson, and Richard Glick.

Dynegy Oakland, LLC

Docket No. ER18-192-002

ORDER ACCEPTING REVISIONS TO RELIABILITY MUST RUN AGREEMENT

(Issued May 24, 2018)

1. On October 31, 2017, Dynegy Oakland, LLC (Dynegy Oakland) filed, pursuant to section 205 of the Federal Power Act (FPA),¹ revisions to its Reliability Must Run Agreement (RMR Agreement) with the California Independent System Operator Corporation (CAISO) (October 31 Filing). On March 27, 2018, after discussions among the parties, Dynegy Oakland filed further revisions to the RMR Agreement (March 27 Filing). In this order, we accept Dynegy Oakland's proposed revisions to the RMR Agreement for filing, effective January 1, 2018, as requested.

I. Instant Filings

A. October 31 Filing and Protest

2. Dynegy Oakland proposed to revise the RMR Agreement to reflect annual adjustments and/or updates to Schedules A, B, D, and J for the 2018 contract year.² Dynegy Oakland stated that these revisions include changes to its annual fixed revenue requirement under Schedule F for the 2018 contract year.³ Specifically, Dynegy Oakland

¹ 16 U.S.C. § 824d (2012).

² On March 15, 2017, the Commission accepted Dynegy Oakland's proposed annual adjustments and/or updates to the RMR Agreement for the 2017 contract year. *See Dynegy Oakland, LLC*. Docket Nos. ER17-246-000, *et al.* (Mar. 15, 2017) (delegated order).

³ Dynegy Oakland explained that it calculated its 2018 annual fixed revenue requirement by applying the formulae set forth in Schedule F of the RMR Agreement to the costs it incurred during the 12-month period ending June 30, 2017. October 31 Filing at 3.

proposed to increase its annual fixed revenue requirement from \$2,909,156 for the 2017 contract year to \$3,225,044 for the 2018 contract year, which represented an approximately 10.86 percent increase over its current rate.⁴ Dynegy Oakland explained that, pursuant to the requirements specified in Schedule F of the RMR Agreement, it included an informational package detailing and supporting all calculations involved in determining its 2018 annual fixed revenue requirement, and stated that it submitted this package to CAISO. Finally, Dynegy Oakland requested that the Commission accept its proposed revisions to the RMR Agreement for filing to be effective January 1, 2018.

3. In response to the October 31 Filing, CAISO and Pacific Gas and Electric Company (PG&E) argued that Dynegy Oakland failed to provide adequate support to establish that its revised Schedules are just and reasonable. Specifically, CAISO and PG&E contended that Dynegy Oakland failed to provide necessary information to sufficiently support all of the cost components contained in Schedule F of the RMR Agreement.⁵ CAISO and PG&E stated that they needed additional information to understand Dynegy Oakland's proposed increase of the annual fixed revenue requirement under the RMR Agreement and that they anticipated engaging in informal, informational exchanges with Dynegy Oakland. CAISO and PG&E requested that the Commission suspend the proposed RMR Agreement and make it effective January 1, 2018, subject to refund and establish hearing and settlement judge procedures, but hold the requested hearing and settlement judge procedures in abeyance until January 31, 2018, so the parties could have a reasonable opportunity to resolve these issues beforehand.⁶

B. December 1 Deferral

4. In response to CAISO and PG&E's protest, on December 1, 2017, Dynegy Oakland filed a request for deferral of Commission action on its October 31 Filing (December 1 Deferral). Dynegy Oakland stated that it provided information requested by CAISO and PG&E and indicated that the parties were engaged in settlement discussions. To enable these discussions to continue beyond the requested January 1, 2018 effective date, Dynegy Oakland refiled Schedule A of the revised RMR Agreement with an opened effective date, to enable the Commission to defer action on the October 31 Filing.⁷

⁴ *Id.*, Appendix B, Enclosure 1.

⁵ CAISO and PG&E Joint Protest at 2.

⁶ *Id.* at 3.

⁷ December 1 Deferral at 3.

C. March 27 Filing

5. On March 27, 2018, Dynegy Oakland filed further revisions to Schedules A and B of the RMR Agreement,⁸ together with an agreement among the parties. With respect to Schedule A, Dynegy Oakland proposes to reduce the Owner's Repair Cost Obligation proposed in its October 31 Filing from \$86,772 to \$82,689, which represents a \$4,083 decrease.⁹ With respect to Schedule B, Dynegy Oakland proposes to reduce the annual fixed revenue requirement proposed in its October 31 Filing from \$3,225,045 to \$3,086,871, which represents a \$138,174 decrease. Dynegy Oakland requests that the Commission accept the revisions to the RMR Agreement, as amended on March 27, 2018, to become effective on January 1, 2018. In addition, Dynegy Oakland requests expedited treatment by the Commission on its proposed revisions in order to provide the parties certainty with respect to the rates, terms, and conditions of service under the RMR Agreement for 2018.

II. Notice and Responsive Pleadings

6. Notice of Dynegy Oakland's October 31 Filing was published in the *Federal Register*, 82 Fed. Reg. 51,619 (2017), with interventions and protests due on or before November 21, 2017. On November 15, 2017 and November 16, 2017, respectively PG&E and CAISO filed timely motions to intervene. On November 16, 2017, CAISO and PG&E filed a joint protest.

7. Notice of Dynegy Oakland's March 27 Filing was published in the *Federal Register*, 83 Fed. Reg. 14,267 (2018), with interventions and protests due on or before April 17, 2018. None were filed.

III. Discussion

A. Procedural Matters

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2017), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

⁸ Dynegy Oakland states that it has changed neither the revisions it proposed to Schedules D and J of the RMR Agreement, nor the January 1, 2018 effective date requested in its October 31 Filing. March 27 Filing at 1, n.1, and at 2, n.3.

⁹ *Id.* at 3.

B. Commission Determination

9. We accept Dynegy Oakland's proposed revisions to Schedules A, B, D and J of the RMR Agreement, as modified by its March 27 Filing, to be effective January 1, 2018, as requested, as it appears to be just and reasonable, and has not been shown to be unjust, unreasonable, or unduly discriminatory or preferential. Dynegy Oakland explains in its March 27 Filing, in this regard, that the issues raised by CAISO and PG&E in response to its October 31 Filing have been resolved in a manner that is agreed to by the parties.¹⁰

The Commission orders:

Dynegy Oakland's proposed revisions to the RMR Agreement, as amended on March 27, 2018, are hereby accepted for filing, effective January 1, 2018, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁰ The new annual fixed revenue requirement proposed in the March 27 Filing represents a \$138,174, or 4.75 percent, increase over the rate on file for the 2017 contract year, but is lower than the rate Dynegy Oakland proposed in the October 31 Filing.