

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

**California Independent System) Docket No. ER20-2922-000
Operator Corporation)**

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO)¹ submits this answer to the comments filed by the Department of Market Monitoring (DMM) in this proceeding on the CAISO tariff amendment to augment the settlement rules for exceptional dispatch energy schedules issued in the post-day-ahead time frame (Tariff Amendment). DMM was the only entity that submitted substantive comments in the proceeding.² DMM states it supports the Tariff Amendment but requests that the CAISO address the limited issues it raises.³

As explained in greater detail below, the CAISO clarifies the new exceptional dispatch settlement rule proposed in the Tariff Amendment will not supersede existing provisions on mitigation of exceptional dispatches set forth in

¹ Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the CAISO tariff. References herein to specific tariff sections are references to sections of the CAISO tariff.

² Motions to intervene were filed by: Calpine Corporation; the City of Santa Clara, California; Modesto Irrigation District; Pacific Gas and Electric Company; and Diego Gas & Electric Company.

³ DMM at 2 (“DMM supports the CAISO’s proposed tariff revisions subject to a minor clarification, and supports the CAISO’s broader policy change to operationalize ‘slow’ demand response resources, thereby allowing these resources to count towards meeting local capacity area requirements.”); *id.* at 3 (“The CAISO’s proposed tariff amendment would prevent resources subject to an exceptional dispatch energy schedule prior to the operating day from exercising market power by increasing real-time energy bids.”).

tariff section 39.10. The CAISO also agrees that it should continue to assess and monitor the operational capabilities of demand response and the overall mix of resources.

I. Answer

A. The Tariff Amendment Will Not Supersede Existing Tariff Provisions on Mitigation of Exceptional Dispatches

DMM states that although it supports the Tariff Amendment, it asks the CAISO to clarify that the proposed tariff changes will not supersede existing provisions in tariff section 39.10, which identifies several categories of exceptional dispatch circumstances that, if applicable, result in the application of the mitigated exceptional dispatch settlement rules set forth in tariff section 11.5.6.7. In particular, DMM points to provisions in section 39.10 stating that mitigation measures apply to exceptional dispatches of resources that need to be exceptionally dispatched to their minimum dispatchable levels in order to participate effectively in the real-time market.⁴

The CAISO confirms that the Tariff Amendment, which adds a new exceptional dispatch settlement rule to tariff section to 11.5.6.2.4, does not supersede application of tariff section 39.10 and the related mitigated exceptional dispatch settlement rules set forth in tariff section 11.5.6.7. For example, if a long start resource that has a minimum dispatchable operating level that exceeds the minimum operating level⁵ is not committed in the day-ahead market, but is

⁴ *Id.* at 4-5, 6.

⁵ These resources are older resources that have a very low ramp rate when operating at minimum load. For these resources to be useful in the market, they need to be dispatched to a higher level, where there is a faster ramp rate, known as the minimum dispatchable level.

still needed for reliability in the real-time market, the CAISO will issue an exceptional dispatch to the minimum dispatchable operating level in the post-day-ahead time frame.

The resulting exceptional dispatch energy is subject to the mitigated energy settlement rules set forth in section 11.5.6.7, which compensate the resource at the higher of the real-time locational marginal price or the resource's default energy bid. If the market energy bid is less than the default energy bid, the resource is compensated at the higher of the energy bid price or the real-time locational marginal price.

The Tariff Amendment does not change these existing exceptional dispatch mitigation rules. Rather, the CAISO merely proposes to add a new exceptional dispatch settlement rule to an entirely different exceptional tariff section, namely tariff section 11.5.6.2.4. For example, if the CAISO were to issue a further exceptional dispatch in the post-day-ahead time frame to the same resource described above to a level above the minimum dispatchable level, the new settlement rules would apply to the energy settled in response to this second post-day-ahead exceptional dispatch. No further clarifying tariff changes are necessary.

B. The CAISO Will Continue to Assess and Monitor the Operational Capabilities of the Overall Mix of Resources

DMM states that as reliance on energy-limited or capacity-limited resources to meet resource adequacy and local area reliability requirements increases, it will be important for the CAISO to continue to assess and monitor the operational capabilities of the overall mix of resources being used to meet

various planning and regulatory requirements.⁶ The CAISO agrees and will continue to assess and monitor the operational capabilities of demand response and the overall resource mix.

II. Conclusion

For the foregoing reasons and for the reasons explained in the Tariff Amendment, the Commission should accept the Tariff Amendment as filed.

Respectfully submitted,

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Dated: October 23, 2020

⁶ *Id.* at 5, 6.

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 23rd day of October, 2020.

/s/ Bradley R. Miliauskas
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