

149 FERC ¶ 61,005
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

October 2, 2014

In Reply Refer to:
California Independent System
Operator Corporation
Docket Nos. ER14-2484-001
ER14-1386-003
ER14-2834-001

California Independent System
Operator Corporation
250 Outcropping Way
Folsom, California 95630

Attn: John C. Anders
Lead Counsel

Reference: Motion to Modify Effective Date of Tariff Revisions, Request for
Shortened Response Time, and Request for Limited Waiver

Dear Mr. Anders:

1. On June 19, 2014, the Commission issued an order (June 19 Order) conditionally accepting, effective September 23, 2014, proposed tariff revisions filed by the California Independent System Operator Corporation (CAISO) to offer participation in the imbalance energy portion of its real-time market to other balancing authority areas in the Western states.¹ CAISO submitted its compliance filing (Compliance Filing) to implement the directives in the June 19 Order on July 21, 2014, in Docket No. ER14-1386-001.

2. On September 22, 2014, the Commission issued a letter order (September 22 Order) accepting, effective September 23, 2014, tariff amendments filed by CAISO in Docket No. ER14-2484-000 to address certain matters prior to the planned

¹ *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231 (2014) (June 19 Order).

October 1, 2014 implementation of the Energy Imbalance Market (EIM).² The revisions accepted in the September 22 Order add a new provision to CAISO's tariff to permit recovery of transition costs for multi-stage EIM participating resources that use a fuel source other than natural gas, and clarify the settlement provisions in section 29.11 to address gaps in CAISO's EIM tariff provisions.³

3. On September 10, 2014, CAISO filed in Docket No. ER14-2834-000 an additional proposed revision to the EIM provisions in its tariff (September 10 Filing) to address a settlements issue that came to CAISO's attention during the market simulation it undertook in preparation for implementation of the EIM.

4. On September 16, 2014, CAISO filed, in Docket Nos. ER14-1386-003, ER14-2484-001, and ER14-2834-001, a motion (September 16 Motion) to modify the effective dates of its EIM tariff provisions, including: (1) the tariff provisions accepted in the Commission's June 19 Order, effective September 23, 2014; (2) the tariff provisions pending in CAISO's Compliance Filing; (3) the tariff provisions pending in Docket No. ER14-2484-000 at that time and subsequently accepted in the September 22 Order; and (4) the tariff provisions pending the September 10 Filing. In the September 16 Motion, CAISO requests that the Commission extend the effective date of the EIM tariff provisions from September 23, 2014 (in preparation for a trading day of October 1, 2014), to October 24, 2014 (in preparation for a trading date of November 1, 2014). CAISO explains that, although it expects all processes, procedures, and systems to be ready for deployment of the EIM by October 1, 2014, it has agreed with PacifiCorp that it would be advisable to conduct additional analysis and training through a real-time representation of the EIM in a parallel, but non-binding, production environment, with full activation commencing on November 1, 2014.⁴ CAISO submits that this parallel, non-binding production environment will resolve some of the practical limitations of testing in a pure simulation environment and will help CAISO, PacifiCorp, and other participants identify and correct errors in data exchanges, verify the quality and reasonableness of results, identify and analyze market power issues, provide extended training, and verify settlement codes.⁵

² *Cal. Indep. Sys. Operator Corp.*, 148 FERC ¶ 61,222 (2014).

³ The September 22 Order also found that CAISO may include PacifiCorp EIM transfer constraints in the local market power mitigation procedures under section 39.7 of its tariff, subject to the Commission order on the compliance filing in Docket No. ER14-1386-001.

⁴ September 16 Motion at 4.

⁵ *Id.* at 5.

5. CAISO requests that, if the Commission does not grant the motion to modify the effective date by September 22, 2014, the Commission grant a limited waiver of the requirements in the EIM tariff provisions from September 23, 2014 through the date of an order granting the motion.⁶ CAISO argues that good cause exists to grant the waiver as it is of limited scope and duration, because it would only last until the Commission issues an order granting the motion seeking a modification of the subject tariff provisions. CAISO further states that the waiver would prevent customers from being subject to EIM tariff provisions in advance of actual EIM compliance, given CAISO and PacifiCorp's decision to extend the implementation date of the EIM from October 1, 2014 to November 1, 2014. Lastly, CAISO states that no third party will be harmed by the waiver.⁷

6. Notice of CAISO's filing was published in the *Federal Register*, 79 Fed. Reg. 56,797 (2014), with protests and interventions due on or before September 22, 2014. PacifiCorp filed timely comments in support of the motion.

7. In its comments, PacifiCorp states that it supports the September 16 Motion for the reasons set forth therein.⁸ PacifiCorp asserts that good cause exists to grant CAISO's requested modification to the effective date of the EIM tariff provisions because the modified effective date will provide CAISO and PacifiCorp additional time to gain experience in new operating procedures and instill greater confidence in the results of the market prior to subjecting participants to financially binding tariff provisions.⁹

8. We will grant CAISO's request to extend the September 23, 2014 effective date to October 24, 2014, subject to the outcome of the pending proceedings on CAISO's Compliance Filing in Docket No. ER14-1386-001 and September 10 Filing in Docket No. ER14-2834-000. We will also grant waiver of the EIM tariff provisions accepted in the September 22 Order that went into effect on September 23, 2014. Given the mutual decision of CAISO and PacifiCorp to delay the EIM implementation date from October 1, 2014 to November 1, 2014, we agree with CAISO that there would be no purpose or benefit associated with having customers be subject to EIM tariff provisions in advance of October 24, 2014. In making this determination, we note CAISO and PacifiCorp's agreement that extending the implementation date of the EIM will allow the parties and market participants more time to run the EIM scheduling, bidding,

⁶ *Id.* at 7.

⁷ *Id.* at 9.

⁸ PacifiCorp Comments at 2.

⁹ *Id.* at 2-3.

optimization, and settlement process on a non-binding basis in conjunction with PacifiCorp's existing dispatch system, and thus will provide CAISO, PacifiCorp, and market participants with a better understanding of how the EIM will operate and allow for additional training on the market prior to actual implementation. Further, the record reflects no challenges to delaying implementation of the EIM or to extending the effective date of the provisions here. For these reasons, we grant CAISO's request to extend the effective date of the relevant tariff provisions to October 24, 2014, subject to the outcome of the pending proceedings on CAISO's Compliance Filing in Docket No. ER14-1386-001 and September 10 Filing in Docket No. ER14-2834-000, and grant its request for limited waiver.

By direction of the Commission.

Kimberly D. Bose,
Secretary.