

Memorandum

To: ISO Board of Governors

From: Roger Collanton, Vice President, General Counsel, Chief Compliance Officer,
and Corporate Secretary

Date: September 13, 2023

Re: Regulatory update since last report dated July 12, 2023

This memorandum does not require ISO Board of Governors action.

Highlights

- *The ISO files a tariff amendment for day-ahead market enhancements (DAME) and extended day-ahead market (EDAM) initiatives*
- *The ISO files a tariff amendment for energy storage enhancement – phase 2*
- *The ISO files a tariff amendment for wheeling-through priorities*
- *The ISO files a tariff amendment regarding the competitive solicitation deposit and cap*
- *FERC issues final rule (Order No. 2023) regarding improvements to generator interconnection procedures and agreements*
- *FERC issues an order denying CXA La Paloma complaint*
- *FERC issues an order denying meter data waiver request*
- *FERC issues an order accepting interconnection process enhancements*
- *FERC issues an order accepting market parameters enhancements*

Federal Energy Regulatory Commission

- **Idaho Power Company Complaint (EL23-94)**

On August 29, 2023, Idaho Power Company filed a complaint at FERC, appealing meter data penalties assessed by the ISO. Idaho Power self-reported meter data inaccuracies and the inadvertent double-counting and the resulting data error led to an under reporting of generation output. Idaho Power argues this did not affect the applicable locational marginal price of energy or the default load aggregation point price.

- **Day-aHead market enhancements (DAME) and extended day-ahead market (EDAM) (ER23-2686)**

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On August 22, 2023, the ISO filed a tariff amendment to enhance and extend its day-ahead market. The DAME initiative proposes critical enhancements to the ISO's day-ahead market to address challenges caused by increasing system variability and uncertainty to improve market efficiency and reliability. It proposes two new products, imbalance reserves and reliability capacity, to address growing imbalances in supply and load forecast between the day-ahead and real-time markets. The EDAM initiative proposes tariff revisions to extend access to its day-ahead market to balancing authority areas that participate in the WEIM. WEIM participants can join EDAM and settle all balancing authority area loads and resources in the day-ahead timeframe in addition to all imbalances between day-ahead positions and the real-time market.

- **CAlifornians for Renewable Energy (CARE) (EL23-90)**

On August 7, 2023, CARE filed a complaint against the ISO requesting FERC to enforce the requirements of Public Utility Regulatory Policies Act of 1978 (PURPA) based on the 2022-2023 transmission plan's treatment of behind-the meter generation as negative load instead of generation.

On September 6, 2023, the ISO filed an answer to the petition, stating that PURPA does not provide FERC jurisdiction to pursue a petition for enforcement against the ISO, and even if it did, the ISO has not violated PURPA.

- **Energy storage enhancements – phase 2 (ER23-2537)**

On August 1, 2023, the ISO filed a tariff amendment consisting of two sets of tariff revisions for storage resources that are co-located with other generation technologies: (1) extending aggregate capability constraint technology to pseudo-tie resources; and (2) establishing biddable parameters that allow storage resources to avoid charging schedules that would exceed the energy output of co-located intermittent resources.

On September 6, 2023, the ISO filed an answer to comments, clarifying the tariff proposals and explain how the ISO intends to enforce the proposed provisions.

- **NOPR: Improvements to generator interconnection procedures and agreements (RM22-14)**

On July 28, 2023, FERC issued a final rule (Order No. 2023), effective November 6, 2023, adopting reforms to its *pro forma* large generator interconnection procedures, *pro forma* small generator interconnection procedures, *pro forma* large generator interconnection agreement, and *pro forma* small generator interconnection agreement. The final rule addresses interconnection queue backlogs, improves certainty, and prevents undue discrimination for new technologies.

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- **Wheeling Through Priorities (ER23-2510)**

On July 28, 2023, the ISO filed a tariff amendment to (1) implement a durable framework for external load serving entities and suppliers serving them to obtain in advance on a monthly and daily basis, wheeling through self-schedule priorities equal to the scheduling priority of ISO demand, and (2) update the ISO's calculation of available transfer capacity. The tariff revisions will replace the existing FERC-approved wheeling through priority tariff provisions implemented in the summer of 2021 that expire on June 1, 2024.

On September 5, 2023, the ISO filed an answer to comments and protests on the July 28 tariff amendment.

- **CXA La Paloma and Pacific Gas & Electric Co. (ER21-2592/EL23-24)**

On July 27, 2023, FERC issued an order denying CXA La Paloma's January 23, 2023, complaint seeking an entitlement to additional interconnection capacity, and accepting PG&E's August 2, 2021, replacement large generator interconnection agreement as just and reasonable, and not unduly discriminatory or preferential.

- **Competitive solicitation deposit and cap (ER23-2464)**

On July 21, 2023, the ISO filed a tariff amendment to (1) increase the deposit fee for project sponsors submitting proposals into the ISO's competitive solicitation process from \$75,000 to \$100,000 per proposal, and (2) eliminate the \$150,000 cap on the total fees the ISO can charge for evaluating each project sponsor proposal. Instead, a project sponsor would be responsible for paying the actual costs the ISO incurs to study and evaluate its proposal.

- **Meter data waiver request (ER23-1699)**

On July 13, 2023, FERC issued an order denying the ISO's April 24, 2023, waiver request to (1) excuse the ISO from assessing pending or future financial penalties for inaccurate meter data submissions; and (2) treat entities subject to the waiver as ineligible market participants under tariff section 37.9.4 for purposes of distributing penalty proceeds. FERC found the scope of waiver request was overly broad and not limited to avoiding overly punitive results that are out of line with the purposes the penalties should serve.

- **EI Dorado Irrigation District (EL23-82)**

On July 12, 2023, EI Dorado Irrigation (EID) filed a complaint against the ISO appealing \$14,000 in penalties the ISO assessed against Pioneer Community Energy acting in its role as scheduling coordinator for the EI Dorado Powerhouse, which EID owns, for not maintaining functioning telemetry for Powerhouse.

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On July 24, 2023, the ISO answered the complaint. The ISO stated it believes the combination of factors outlined in the complaint presents a reasonable basis to excuse the penalties, but it noted that any telemetry failures are problematic.

- **Upstream Clean Energy (EL23-81)**

On July 6, 2023, Upstream Clean Energy filed a complaint at FERC alleging the ISO erred in not conducting the independent study process (ISP) for Upstream's interconnection request for its Ventana project.

On July 26, 2023, the ISO filed an answer to the complaint, denying its allegations. The ISO deemed the Ventana project ineligible for the ISP, but had the option to participate in the next queue cluster. Rather than participate in that queue cluster study process, Upstream filed its complaint.

On August 2, 2023, Upstream filed an answer to the ISO's answer reiterating elements of its complaint.

On August 16, 2023, the ISO filed an answer to Upstream's answer to respond to and correct mischaracterizations advanced by Upstream.

- **DCR Transmission, LLC (ER23-2309)**

On July 3, 2023, DCRT filed a request for transmission owner tariff and annual base transmission revenue requirement (base TRR) as the approved project sponsor for the Ten West Link/Delaney-Colorado River transmission project

On July 21, 2023, the ISO filed comments stating that DCRT is subject to a cost cap for the project, and its proposed base TRR exceeds the binding costs cap. The ISO urged the Commission not to accept the proposed annual base TRR and instead establish an evidentiary hearing and settlement procedures.

On September 1, 2023, the ISO filed an answer to supplemental testimony filed by DCRT on August 18, 2023, and DCRT's answer filed on August 7, 2023, reiterating that FERC should not accept DCRT's proposed base TRR and FERC should instead set the matter for hearing and settlement procedures because there are material issues of fact.

- **Interconnection process enhancements – track 1 (ER23-2058)**

On June 2, 2023, the ISO filed a tariff amendment to pause the interconnection study process for cluster 15, which commenced in April with a record 541 interconnection requests. The ISO stated that pausing cluster 15 would allow the ISO and its transmission owners to finish cluster 14 interconnection studies and develop enhanced procedures in 2023 to address the new reality of voluminous cluster studies, including cluster 15.

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On August 1, 2023, FERC issued an order accepting the tariff filing, effective August 2, 2023.

- **Western EIM: Washington state greenhouse gas Initiative (ER23-2062)**

On June 2, 2023, the ISO filed a petition for limited waiver to excuse the ISO temporarily from utilizing the average of two vendor indices to reflect the greenhouse gas allowance price in reference levels for resources in Washington state.

On August 24, 2023, FERC issued an order granting the waiver request.

- **Market parameters enhancements (ER23-2020)**

On May 31, 2023, the ISO filed a tariff amendment to implement two sets of changes to market processes: (1) an adjustment to the threshold the market applies for considering the effectiveness of a resource in managing congestion, and (2) a new process to permit temporary changes to parameter values the ISO market uses to reflect relative scheduling priorities and constraints.

On August 24, 2023, FERC issued an order largely accepting the proposed tariff revisions. FERC rejected application of the lower threshold to large inerties. For the proposal to make temporary changes to market parameter values, FERC found it was unnecessary for the ISO to make an after-the-fact-filing.

Non-conforming regulatory agreements

- **First amended and restated participating load agreement – CA Department of Water Resources (ER23-2711)**

On August 25, 2023, the ISO filed amendment number 5 to the participating loan agreement (PLA) to extend the termination date of the PLA from November 1, 2023 to November 1, 2028.

- **Oakland Power Company LLC – reliability must-run (RMR) agreement (ER22-290)**

On August 24, 2023, FERC issued an order approving the joint offer of settlement and certification of uncontested settlement, resolving all issues.

California Public Utilities Commission

- **Distributed Energy Resource Program (R.22-11-013)**

On August 11, 2023, the ISO filed comments on the Administrative Law Judge's ruling requesting comments on scope of work. The ISO supported creating sub-groups of the data

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working group to facilitate discussion on specific use cases and recommended organizing data working groups by technology and program type. The ISO stated that scope of work should include recommendations to leverage uniform data platforms for sharing distributed energy resource data.

Other regulatory entities

- **Washington State Department of Ecology Rulemaking re Electricity Importers from Centralized Electricity Markets (173-441 and 173-446 WAC)**

On August 16, 2023, the ISO filed comments describing its efforts to design a market mechanism to allow Washington to identify the first jurisdictional deliverer for electricity imports in connection with transactions from a centralized energy market.

On August 25, 2023, the ISO filed supplemental comments to provide an update on its efforts to extend a day-ahead market to entities participating in the Western Energy Imbalance Market.

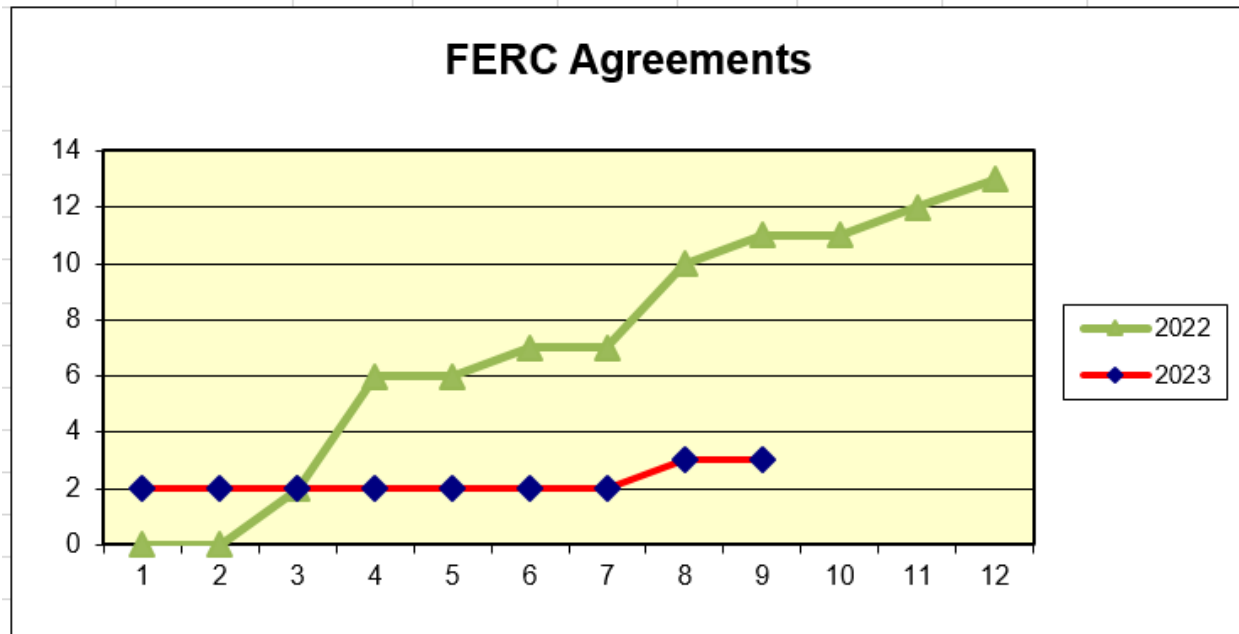
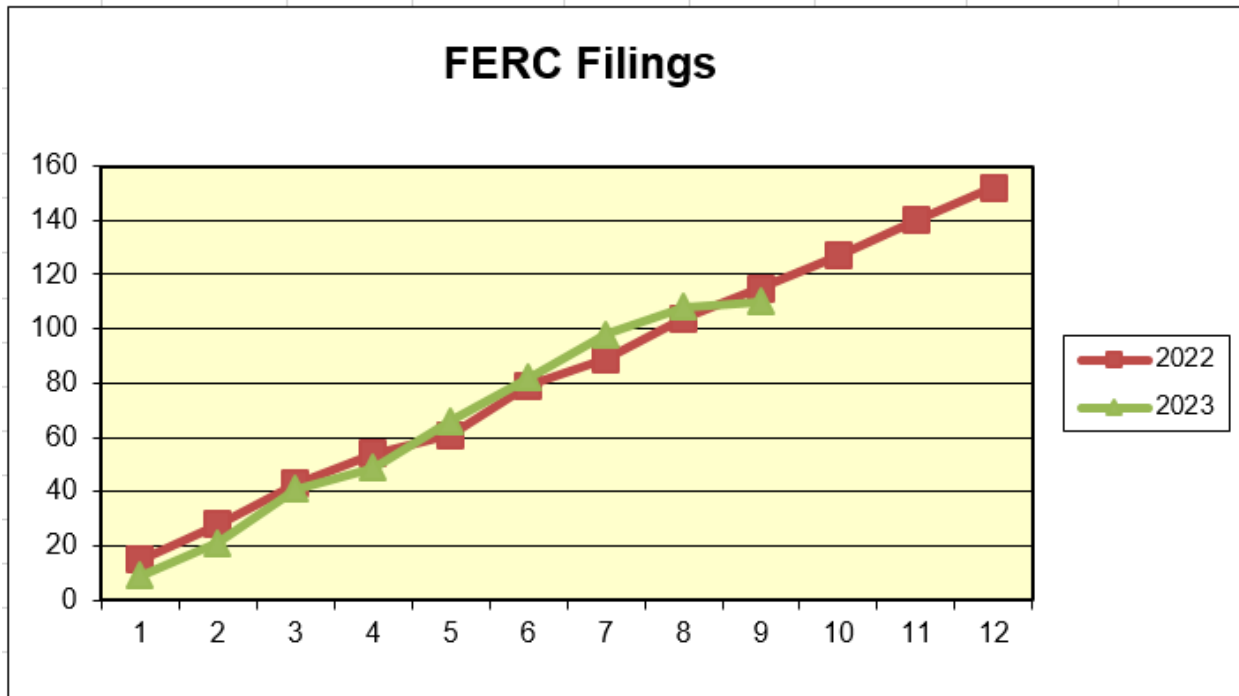
- **Environmental Protection Agency - Greenhouse Gas Standards and Guidelines (EPA-HQ-OAR-2023-0072)**

On August 8, 2023, the ISO filed comments on the EPA's GHG Standards and Guidelines encouraging the EPA to adopt appropriate mechanisms to ensure electric grid reliability, while mitigating emission reductions, in any final rule.

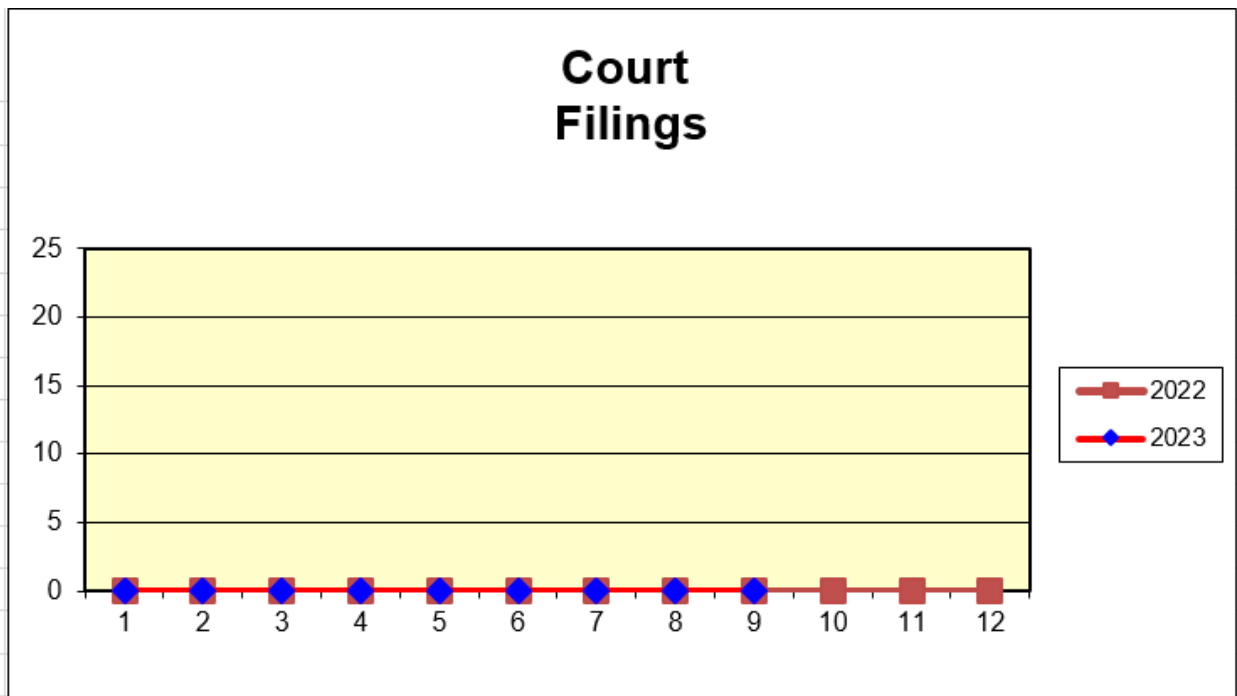
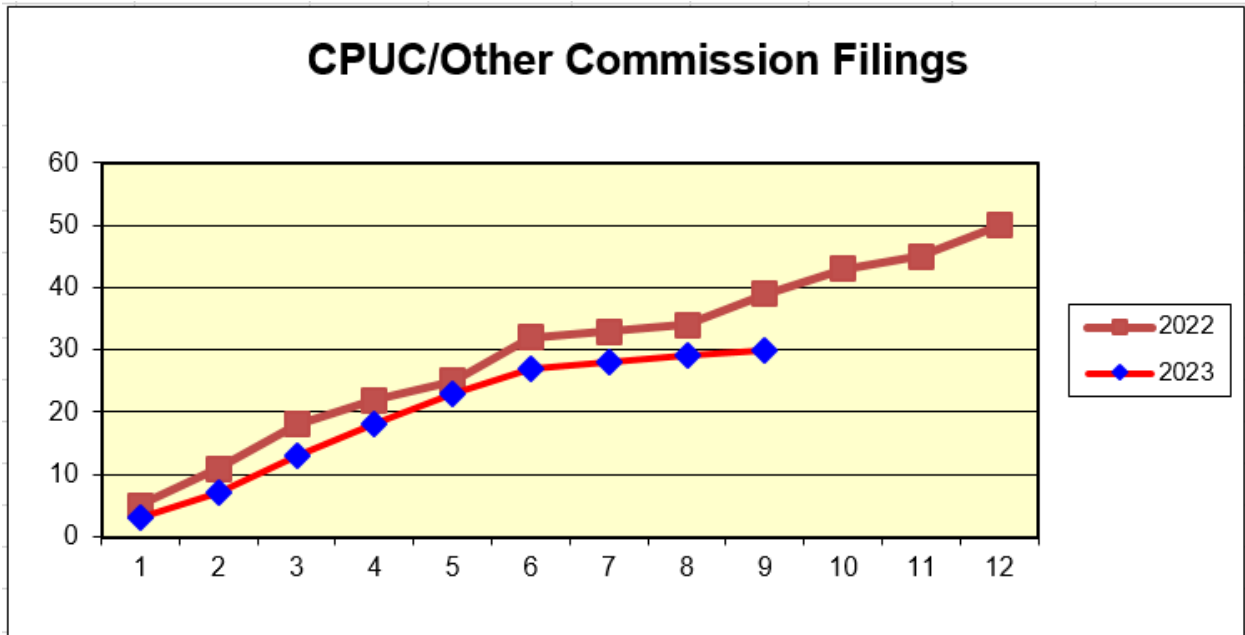
- **Department of Energy – Request for Information on the Designation of National Interest Electric Transmission Corridors (NIETCs)(DOE-HQ-2023-0039)**

On July 31, 2023, the ISO submitted comments in response to the DOE's request for information on the designation of NIETCs. The ISO suggested the DOE coordinate and engage with state and regional planning entities when designating specific NIETCs.

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