

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

California Independent System)	Docket No. ER14-1386-000, 001
Operator Corporation)	Docket No. ER14-2484-000
)	Docket No. ER14-2834-000

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
MOTION TO MODIFY EFFECTIVE DATE OF TARIFF REVISIONS, REQUEST FOR
SHORTENED RESPONSE TIME, AND REQUEST FOR LIMITED WAIVER**

The California Independent System Operator Corporation respectfully submits this motion to modify the effective date of the Energy Imbalance Market tariff revisions pending in the above-captioned proceedings.¹ The CAISO requests that the Commission approve a revised effective date of October 24, 2014 for trading day November 1, 2014. Good cause exists for the Commission to grant this request. The CAISO and PacifiCorp have determined it prudent to transition from the market simulation to a real-time representation of Energy Imbalance Market operations in a non-binding production environment operating in parallel with current market operations, in order to allow continued analysis and training until full activation on November 1, 2014. This approach will provide additional time to gain experience in new operating procedures and greater confidence in market results prior to issuing binding market results on November 1, 2014.

¹ The CAISO files this motion pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§385.212 (2014).

The CAISO also requests that the Commission direct the filing of any answer to this motion within three calendar days. The CAISO requests that the Commission grant this motion by September 22, 2014.

I. Background

On February 28, 2014, the CAISO filed an amendment to its tariff to provide other balancing authority areas the opportunity to participate in the real-time market for imbalance energy that the CAISO currently operates in its own balancing authority area. The amendment sets forth the rules and procedures governing this expansion of the real-time market. This set of rules and procedures is known as the Energy Imbalance Market. The CAISO requested a July 1, 2014, effective date for various proposed *pro forma* service agreements to be executed by EIM Market Participants and requested a September 23, 2014, effective date for the balance of the proposed tariff revisions for trading day October 1, 2014. In the June 19 Order, the Commission conditionally accepted the February 28 Tariff Filing, effective on the dates requested by the CAISO, subject to a compliance filing containing the tariff changes directed by the Commission and explaining certain provisions.² The CAISO made its compliance filing, which remains pending, on July 21, 2014.

On July 23, 2014, the CAISO filed an amendment to the Energy Imbalance Market tariff provisions to address three matters identified after the initial February 28, 2014 tariff filing.³ The CAISO requested a September 23, 2014, effective date for this amendment, which also remains pending.

² *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231 (2014).

³ Docket No. ER14-2484-000.

On September 10, 2014, the CAISO filed another amendment to the Energy Imbalance Market tariff provisions to address a settlement matter identified during market simulation.⁴ The CAISO requested an October 1, 2014, effective date for this amendment, which remains pending as well.

II. Decision to Enter Parallel Operation Phase of the Energy Imbalance Market

While the Commission has been engaged in its regulatory review of the proposed Energy Imbalance Market tariff revisions, the CAISO and PacifiCorp have worked to develop systems and processes necessary to support an October 1, 2014, implementation. The implementation teams executed the project plan and allocated resources to translate the market design into detailed business and system requirements for the technology platform. On April 1, 2014, the CAISO published technical specifications for application program interfaces, metering and settlements. Software vendors and internal development teams implemented the requirements and technical specifications into a fully integrated end-to-end system.

The CAISO prioritized the integration of the end-to-end system that allowed PacifiCorp early access to the programmatic interfaces in its external test environment. The CAISO started connectivity and security testing with PacifiCorp on July 8, 2014. Functional and other testing followed as the CAISO and PacifiCorp exchanged increasing amounts of data across software systems. During the last week of July 2014, the CAISO opened the market simulation environment to all market participants and began executing nineteen structured scenarios to demonstrate Energy Imbalance

⁴ Docket No. ER14-2834-000.

Market functions. The CAISO completed the structured scenarios during the first two weeks of September.

The purpose of market simulation was to allow PacifiCorp, other participants, and the CAISO to test specific market scenarios in a simulation environment prior to production deployment to ensure that all system interfaces are functioning and producing expected results. Although the CAISO expects all processes, procedures and systems to be ready for deployment of the Energy Imbalance Market on October 1, 2014, the CAISO and PacifiCorp agree that it would be advisable to conduct additional analysis and training through a real-time representation of Energy Imbalance Market scheduling, bidding, optimization, and settlement processes in a parallel, but non-binding, production environment, with full activation commencing on November 1, 2014. This approach will provide additional time to gain experience in new operating procedures and greater confidence in market results.

During the October period, PacifiCorp will participate as an active EIM Entity and balancing authority in this parallel environment. This means that PacifiCorp will submit balanced base schedules, bids, outages, and other input data into the parallel environment and conduct feasibility tests. PacifiCorp will also receive informational Energy Imbalance Market dispatch results from the CAISO, which will not result in EIM Transfers or be financially binding during this period. Additionally, the Bonneville Power Administration will be able to monitor market flows on selected internal flow gates in its balancing authority area. Operation of all system interfaces except metering submission and settlements will be the same as planned for full activation of the Energy Imbalance Market.

The parallel, non-binding production environment will provide PacifiCorp the ability to interact with all key system interfaces and to submit and receive data. PacifiCorp will not be required to follow the advisory dispatch instructions, but may do so during periods in which EIM transfers are not being evaluated. This allows PacifiCorp to manage its system using either internally generated dispatches or the advisory dispatches. PacifiCorp will interact with the Energy Imbalance Market by performing all typical production activities including issuing outages, manually dispatching its system, dispatching contingency reserves, and allowing or blocking dispatches as needed to maintain system reliability. PacifiCorp will also be able to run its shadow settlement using the data coming out of the parallel, non-binding production environment. During this period, the ISO will calculate and prepare EIM settlement statements for PacifiCorp to download and compare with PacifiCorp's shadow settlement results.

The parallel, non-binding production environment resolves some of the practical limitations of testing in a pure simulation environment. The quality of simulation will be significantly improved by running new systems in parallel to production systems using production data and full continuous participation of all market participants. This environment provides a ready test bed for a range of tests and analysis that cannot easily be achieved in a simulation environment. For example, it will help the CAISO, PacifiCorp, and other participants identify and correct errors in data exchanges, verify quality and reasonability of results, identify and analyze any market power issues, provide extended training, and verify settlement charge codes. Operation of this

environment with respect to the Energy Imbalance Market will not affect other CAISO market operations, market participant interactions, or market results.

III. Motion for an October 24, 2014, Effective Date for Tariff Revisions, Request for Shortened Response Time, and Request for Limited Waiver

In order to allow for parallel, non-binding production and the expected benefits it will provide, the CAISO moves that the Commission alter the requested effective date of the tariff revisions pending in the above captioned proceedings to October 24, 2014, for trading day November 1, 2014. For the reasons described above, good cause exists for this modification.

The CAISO does not include in this request a modification of the July 1, 2014, effective date for the *pro forma* Energy Imbalance Market service agreements. The primary purpose of those agreements is to bind market participants to the CAISO tariff. Moreover, the CAISO has begun execution of EIM service agreements with market participants in connection with market simulation and delaying their effective date retroactively could confuse that process. Having the *pro forma* EIM agreements and any executed EIM service agreements continue in effect is appropriate and has no practical impact so long as the referenced tariff provisions are not yet in effect. For similar reasons, the CAISO does not request any change in the requested effective date of the non-conforming PacifiCorp EIM Entity Agreement pending in Docket No. ER14-2607-000.

The CAISO requests that the Commission direct the filing of any answer to this motion within three calendar days after this motion is filed. The CAISO does not propose any changes to the substantive tariff revisions themselves, but seeks only an extension of their effective date. If the Commission determines that the filing of this

motion triggers a new comment period as to the pending Energy Imbalance Market tariff revisions, the CAISO requests that it direct that any new comments be limited to the merits of the requested extension of the effective date.

The CAISO requests an order on this motion by September 22, 2014. To the extent the Commission is unable to grant this motion by that date, the CAISO requests that the Commission refrain from issuing any order on the Energy Imbalance Market tariff revisions that remain pending in the above-captioned dockets. In addition, to the extent the Commission is unable to grant this motion by that date, the CAISO additionally requests a limited waiver of the tariff revisions accepted in the Commission's order in this proceeding, from September 23, 2014, through the date of an order granting this motion.

The Commission has previously granted requests for tariff waivers in situations where (1) the waiver is of limited scope; (2) a concrete problem needed to be remedied; and (3) the waiver did not have undesirable consequences, such as harming third parties.⁵ All three conditions would be met by this waiver request. The waiver is of limited scope because it would only last until the Commission rules on the CAISO motion regarding the effective date of the tariff language. The waiver would address the concrete problem of EIM market participants being subject to the tariff provisions for the Energy Imbalance Market at a time when the CAISO and PacifiCorp have determined it prudent to enter a parallel, non-binding production phase. Finally, no party would be harmed if the Commission were to grant this limited waiver, which merely allows

⁵ See, e.g., *N.Y. Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,061, at P 19 (2014); *PJM Interconnection, L.L.C.*, 141 FERC ¶ 61,103, at P 8 (2012); *ISO New England Inc.*, 134 FERC ¶ 61,182, at P 8 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,004, at P 10 (2010).

continued operation of the CAISO and PacifiCorp tariffs that the Commission has previously found just and reasonable.

After the Commission rules on this motion, the CAISO will make any necessary changes on compliance to the eTariff records for the Energy Imbalance Market tariff revisions to reflect their new October 24, 2014, effective date.

IV. Conclusion

For the foregoing reasons, the CAISO requests that the Commission issue an order by September 22, 2014, that modifies the effective date of the Energy Imbalance Market tariff revisions to October 24, 2014, for trading day November 1, 2014.

Respectfully submitted,

By: /s/ John C. Anders

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the captioned proceedings, in accordance with 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 16th day of September, 2014.

/s/ Daniel Klein

Daniel Klein