

195 FERC ¶ 61,052  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Laura V. Swett, Chairman;  
David Rosner, Lindsay S. See,  
Judy W. Chang, and David LaCerte.

County of Yolo, California v. California Independent System Operator Corporation      Docket No. EL26-28-000

ORDER GRANTING WAIVER REQUEST

(Issued April 20, 2026)

1. On November 21, 2025, pursuant to section 37.8.10 of the California Independent System Operator Corporation (CAISO) Open Access Transmission Tariff (Tariff),<sup>1</sup> County of Yolo, California (Yolo) submitted a request for waiver of Tariff section 37.6.1 (Required Information Generally)<sup>2</sup> to nullify \$96,000 in penalties assessed by CAISO to Yolo for its failure to timely restore telemetry or submit telemetry reporting exemption requests.<sup>3</sup> As discussed below, we grant Yolo's waiver request.

**I. Background**

2. Tariff section 37 (Rules of Conduct) sets forth the expectations associated with participation in CAISO's market and the sanctions incurred if a Tariff violation is found. Tariff section 37.6.2.1 (Expected Conduct) states that market participants must submit information in response to a written request by CAISO for information requested in the

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<sup>1</sup> CAISO, CAISO eTariff, § 37.8.10 (Review of Determination) (7.0.0).

<sup>2</sup> *Id.* § 37.6.1 (Required Information Generally) (2.0.0).

<sup>3</sup> Yolo styled its appeal as a complaint; however, Tariff section 37.8.10 specifies that a market participant may appeal penalties resulting from a Rules of Conduct violation by submitting a tariff waiver request with the Commission. *Id.* § 37.8.10 (Review of Determination) (7.0.0); *see Cal. Indep. Sys. Operator Corp.*, 189 FERC ¶ 61,223, at PP 7, 19 (2024) (accepting Tariff revisions to identify a tariff waiver as the appropriate procedural vehicle for penalty appeals under the Rules of Conduct).

course of an investigation by the deadline established in CAISO's request.<sup>4</sup> The penalty for a violation of Tariff section 37.6.2.1 is \$1,000 per day for the first violation in a 12-month period.<sup>5</sup>

3. If CAISO believes that a market participant may have committed a Tariff violation subject to CAISO penalties, it conducts an investigation,<sup>6</sup> providing notice and an opportunity for the market participant to present relevant information.<sup>7</sup> After reviewing any information provided in response to CAISO's notice of review, CAISO will issue a results of review notice to the market participant, including notice of any sanctions.<sup>8</sup> CAISO does not have discretion to reduce or waive penalties assessed under Tariff section 37.

4. Where CAISO determines that a penalty is warranted, the market participant may obtain immediate review of CAISO's determination by directly appealing to the Commission. Specifically, Tariff section 37.8.10 (Review of Determination) provides, in relevant part, that:

A Scheduling Coordinator that receives a results of review notice concluding a Rules of Conduct violation occurred, or a Market Participant whose conduct gave rise to the results of review notice, may appeal the CAISO's conclusion to FERC by submitting a waiver request. The obligation to pay any Sanctions is tolled until FERC renders its decision on the appeal if the Scheduling Coordinator or Market Participant within 30 days of receiving the results of review notice:  
(a) files its appeal with FERC; and (b) provides the CAISO

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<sup>4</sup> CAISO, CAISO eTariff, § 37.6.2 (1.0.0), § 37.6.2.1 (Expected Conduct). Capitalized terms used but not otherwise defined in this order have the meanings ascribed to them in the Tariff.

<sup>5</sup> *Id.* § 37.6.2.2 (Sanctions). Tariff section 37.6.2.2 states that "a violation shall be each failure to provide a full response to a written request and the Sanction shall be determined from the date that the response was due until a full response to the request is received." *Id.*

<sup>6</sup> *Id.* § 37.8.3 (Preliminary Investigation) (1.0.0).

<sup>7</sup> *Id.* § 37.8.4 (Notice of Review) (3.0.0).

<sup>8</sup> *Id.* § 37.8.5 (Results of Review) (1.0.0).

with notice of the appeal following the procedures established in the Business Practice Manual.<sup>9</sup>

## II. Waiver Request

5. Yolo states that, since 2010, it has deployed several solar energy projects to power county operations, selling excess generation into the CAISO markets. Yolo states that, in June 2024, a brushfire rendered two of its solar facilities, Grasslands 3 and Grasslands 4, inoperable and unable to transmit telemetry data to CAISO. Yolo asserts that it requested, and CAISO granted, exemptions from the Tariff's telemetry data reporting requirements until September 30, 2024. Yolo explains that prior to September 30, 2024, it requested an extension of the exemptions until November 30, 2024—and did not request to further extend its exemptions after November 30, 2024—because the Grasslands 3 and Grasslands 4 telemetry issues were corrected.<sup>10</sup>

6. Yolo states that, on March 21, 2025, it received two notices from CAISO informing Yolo that it was in violation of the Tariff for failing to restore telemetry by February 28, 2025. CAISO had established that deadline in an earlier notice that was addressed to Yolo's scheduling coordinator, Pacific Gas and Electric Company (PG&E), but was not sent to Yolo (February 7, 2025 notice). Yolo states that, on March 25, 2025, it submitted a request to CAISO through PG&E to renew the telemetry exemptions for Grasslands 3 and Grasslands 4 until July 1, 2025, because both facilities remained inoperable due to fire damage. Yolo states that it received confirmation on April 1, 2025 that PG&E had submitted Yolo's exemption requests.<sup>11</sup>

7. Yolo states that, on April 28, 2025, it received a results of review notice from CAISO concluding that Grasslands 3 had violated CAISO's telemetry reporting requirements between February 28, 2025 and March 13, 2025, but thereafter became compliant with the telemetry reporting requirements. Yolo states that CAISO assessed a sanction of \$6,500 for Grasslands 3, but that it otherwise understood CAISO's notice as an acknowledgement and acceptance of the March 25, 2025 exemption request. Yolo states that no sanction was assessed to Grasslands 4.<sup>12</sup>

8. Yolo states that, on May 15, 2025, it submitted a new request to CAISO through PG&E to extend its telemetry exemptions from July 1, 2025 until October 1, 2025

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<sup>9</sup> *Id.* § 37.8.10 (Review of Determination) (7.0.0).

<sup>10</sup> Waiver Request at 2.

<sup>11</sup> *Id.* at 2-3.

<sup>12</sup> *Id.* at 3.

because the Grasslands 3 and Grasslands 4 facilities remained offline. On May 28, 2025, CAISO requested that Yolo resubmit its May 15, 2025 exemption request using a .DOC version rather than the .PDF version it had submitted. Yolo resubmitted the exemption request through PG&E on June 3, 2025.<sup>13</sup>

9. Yolo states that, on June 17, 2025, CAISO issued notices to Yolo informing it that Grasslands 4 was out of compliance with the telemetry requirements in the Tariff from February 28, 2025, until June 4, 2025. Yolo states that a week later, CAISO issued a second notice revoking CAISO's April 28, 2025 notice and finding that Grasslands 3 was out of compliance with the telemetry requirements in the Tariff from February 28, 2025, until June 4, 2025. In July 2025, CAISO issued a \$96,000 sanction to Yolo for the failure to send telemetry data for the Grasslands 3 and 4 facilities between February 28, 2025, and June 4, 2025.<sup>14</sup>

10. Yolo states that, on July 23, 2025, CAISO notified Yolo that CAISO voided the March 25, 2025 exemption request because “[t]elemetry exemptions are unable to be backdated.” Yolo states that on the same day and for the first time, CAISO forwarded a copy of the February 7, 2025 notice CAISO sent to PG&E that gave rise to the February 28, 2025 deadline. Yolo explains that the February 7, 2025 notice was addressed to PG&E and representatives from a third-party company that, until three days prior to that notice, operated and managed the Grasslands 3 and Grasslands 4 facilities on behalf of Yolo.<sup>15</sup> Yolo states that between December 1, 2024 and February 28, 2025, Yolo did not request exemptions due to its belief that the Grasslands 3 and Grasslands 4 facilities were accurately reporting telemetry data.

11. Yolo requests waiver of Tariff section 37.6.1. Yolo argues that its waiver request satisfies the Commission's criteria for granting waiver.<sup>16</sup> First, Yolo argues that to the extent it made an error, that error was made in good faith. Yolo states that the source of the controversy was CAISO's failure to address the February 7, 2025 notice to Yolo. Yolo states that it reasonably assumed its contact information was up to date because all other notices from CAISO concerning the Grasslands 3 and Grasslands 4 facilities—prior to and after February 7, 2025—relating to exemption requests, appeals to CAISO of its Tariff violation notices, and sanction notices were addressed to Yolo staff. Yolo states that within two business days of learning about the telemetry issues on March 21, 2025, it submitted the March 25, 2025 exemption request, whereas CAISO took four months to

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<sup>13</sup> *Id.* at 4; *id.*, Ex. 10 at E28.

<sup>14</sup> Waiver Request at 4.

<sup>15</sup> *Id.* at 5.

<sup>16</sup> *Id.* at 6-7.

respond to Yolo's request, depriving Yolo of the opportunity to mitigate errors. Yolo states that CAISO's 13-day delay after it submitted the May 15, 2025 exemption request led to further sanctions that could have been avoided by a prompt response to Yolo's proactive efforts to seek an exemption. Yolo further argues that CAISO's telemetry Business Practice Manual provides the opportunity to rectify any issues with exemption requests, which Yolo asserts it would have done, without being subject to further penalties, had CAISO followed its telemetry Business Practice Manual.<sup>17</sup> Yolo concludes that even assuming it was singularly at fault for the errors that led to sanctions, they were made in good faith.<sup>18</sup>

12. Second, Yolo asserts that its waiver request is of limited scope because it seeks a one-time waiver of the Tariff violation giving rise to the challenged sanctions. Yolo states that granting its waiver request would not excuse it or any other market participant from future compliance with telemetry reporting requirements. Yolo states that it has taken steps necessary to avoid the recurrence of this error by updating its list of contacts with CAISO as well as by timely seeking telemetry exemptions since it became aware of the violation.<sup>19</sup>

13. Third, Yolo argues that the waiver request addresses a concrete problem. Yolo states that it seeks one-time relief from a financial penalty that could have been avoided through adequate communication from CAISO. Yolo also argues that the imposition of penalties were for circumstances beyond its control because Yolo had no reason to suspect that its contact information for violation notices was incorrect, given the regular communications from CAISO regarding the Grasslands 3 and Grasslands 4 facilities.<sup>20</sup>

14. Fourth, Yolo next argues that the requested waiver does not have undesirable consequences. Yolo states that the waiver would not materially affect CAISO or other participants because it would only reverse excessive and unjustified sanctions placed upon Yolo. Yolo further states that the one-time waiver would not affect CAISO's administration of the Tariff's telemetry requirements, and Yolo will continue to be subject to these requirements. Yolo additionally argues that granting its waiver request would not harm market participants because its lack of a telemetry exemption did not affect any market participants; specifically, between December 1, 2024 and February 28, 2025, the Grasslands 3 and Grasslands 4 facilities reported zero generation and zero load consistent with their non-operational status. Yolo states that granting the waiver will not

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<sup>17</sup> *Id.* at 9 (quoting CAISO, Telemetry Business Practice Manual, at 90).

<sup>18</sup> *Id.* at 7-9.

<sup>19</sup> *Id.* at 9-10.

<sup>20</sup> *Id.* at 10-11.

require CAISO to revisit Yolo's settlement transactions or those of any other market participant.<sup>21</sup>

15. Yolo also notes that the Commission has previously weighed whether the penalty at issue in the waiver request was commensurate with the violation, and whether granting the waiver would otherwise be in conflict with the Federal Power Act.<sup>22</sup> Yolo asserts that for a Tariff sanction to be commensurate with any potential damage caused by the underlying conduct, the sanction must "incentivize compliance while avoiding disproportionately high penalties."<sup>23</sup> Yolo argues that the penalties assessed are not commensurate with any potential damage caused by the inadvertent errors, and that its proactive actions show that no penalties are needed to incentivize its compliance with the Tariff. Yolo states that except for the short period following the February 7, 2025 notice, Yolo has complied with the telemetry exemption requirements. Yolo asserts that because its facilities remain offline, it is already being penalized daily due to an unforeseen act of nature, and any additional penalty will do little to incentivize compliance. Yolo states that sanctions are therefore not commensurate with any damages caused by the error.<sup>24</sup>

16. Finally, Yolo also asserts that its waiver request would not violate the filed rate doctrine or rule against retroactive ratemaking because Tariff section 37.8.10 provides that a market participant may appeal before the Commission a sanction imposed by CAISO.<sup>25</sup>

### **III. Notice and Responsive Pleadings**

17. Notice of Yolo's filing was published in the *Federal Register*, 90 Fed. Reg. 54648 (Nov. 28, 2025), with interventions and protests due on or before December 11, 2025. CAISO filed comments. On December 23, 2025, Yolo filed a motion for leave to answer and answer and a motion for default order. On January 6, 2026, CAISO filed a motion for leave to answer and answers.

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<sup>21</sup> *Id.* at 11-12.

<sup>22</sup> *Id.* (citing *Idaho Power Co. v. Cal. Indep. Sys. Operator Corp.*, 186 FERC ¶ 61,231, at PP 25-26 (2024) (*Idaho Power*)).

<sup>23</sup> *Id.* at 12 (citing *Idaho Power*, 186 FERC ¶ 61,231 at P 14).

<sup>24</sup> *Id.* at 12-13.

<sup>25</sup> *Id.* at 13.

### A. CAISO's Comments

18. CAISO states that it agrees with Yolo that there is a reasonable basis for the Commission to conclude that the penalties are excessive in this specific case; however, CAISO states that Yolo omits important context and background, and CAISO seeks to correct the record so that the Commission has a full account of the facts.<sup>26</sup> CAISO states that it received notice of outages to both the Grasslands 3 and Grasslands 4 generating units on June 19, 2024, due to “grassfires onsite.” CAISO states that it did not observe telemetry problems with the units immediately after the grassfires.<sup>27</sup>

19. CAISO states that, on September 14, 2024, it notified PG&E, NovaSource Power Services (NovaSource), and TotalEnergies Distributed Generation USA, LLC (TotalEnergies)<sup>28</sup> of a loss of telemetry for both Grasslands 3 and Grasslands 4 and provided a compliance date of October 3, 2024. CAISO states that, on September 26, 2024, it received a retroactive telemetry exemption request from PG&E for only Grasslands 4, beginning June 19, 2024 through November 30, 2024. CAISO states that it did not grant the exemption retroactively but approved it prospectively starting September 27, 2024. CAISO states that it received no exemption request for Grasslands 3 but that the remote intelligent gateway (RIG)<sup>29</sup> for both units resumed transmitting data shortly after the September 14 notice, which restored active telemetry for both units.<sup>30</sup>

20. CAISO states that, in February 2025, CAISO staff observed renewed telemetry failures at both Grasslands units, and on February 7, 2025, CAISO notified PG&E, NovaSource, and TotalEnergies of a telemetry failure and provided a compliance deadline of February 28, 2025. CAISO states that it did not receive an exemption request nor did either unit restore telemetry by the February 28 deadline. CAISO notes that Yolo, PG&E, NovaSource, and TotalEnergies failed to notify CAISO that NovaSource and TotalEnergies had terminated its telemetry communications service for Grasslands 3 and Grasslands 4, effective February 5, 2025. CAISO states that in addition to telemetry

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<sup>26</sup> CAISO Comments at 12.

<sup>27</sup> *Id.* at 1, 4-5.

<sup>28</sup> CAISO states that Yolo designated PG&E as its scheduling coordinator and NovaSource and TotalEnergies as its designated vendors for communications regarding Yolo's telemetry. *Id.* at 5.

<sup>29</sup> CAISO notes that generators telemeter their data to CAISO's energy management system using a piece of equipment called a RIG. CAISO states that adjacent resources are permitted to share a single RIG. *Id.* at 3.

<sup>30</sup> *Id.* at 5.

failure notices, it provides a weekly report to scheduling coordinators of telemetry issues for resources they represent, including the compliance deadline, whether the resource is under a telemetry exemption, and if so, when the exemption expires. CAISO indicates that for the period that Grasslands 3 and Grasslands 4 experienced telemetry issues, they were included in the weekly reports sent to PG&E.<sup>31</sup>

21. CAISO states that it began the Rules of Conduct process for Grasslands 3 and Grasslands 4 after the February 28 telemetry compliance deadline passed. CAISO states that, on March 21, 2025, it sent notices of review regarding the telemetry issues for Grasslands 3 and Grasslands 4 to PG&E and Yolo. CAISO states that, on April 1, 2025, PG&E submitted a response to both notices of review, taking the position that there was no violation and attaching telemetry exemption requests dated April 1, 2025 with a requested start date backdated to June 19, 2024. CAISO states that it responded on April 21, 2025, requesting that PG&E submit the form to the proper email address and use the most current version of the request form. CAISO states that it also informed PG&E that the violation was valid because “an exemption request was not submitted by the respective deadline and the issue is still active.”<sup>32</sup>

22. CAISO states that, on April 23, 2025, it sent a results of review notice for Grasslands 3, which inadvertently stated that telemetry was restored on March 13, 2025, resulting in a \$6,500 sanction (i.e., 13 days on non-compliance at \$500 per day), but did not send a notice regarding Grasslands 4.<sup>33</sup>

23. CAISO states that on May 15, 2025, PG&E submitted new telemetry exemption requests for Grasslands 3 and Grasslands 4. CAISO states that it responded on May 16, 2025, requesting that PG&E resubmit the form using the most current version. CAISO states that Yolo, through PG&E, provided the correct version of the form but the wrong file format, and that on May 28, 2025, CAISO directed PG&E to resubmit the form using the proper document format. CAISO states that, on June 4, 2025, PG&E submitted the proper forms and that on June 5, 2025, CAISO granted the exemptions.<sup>34</sup>

24. CAISO explains that after the compliance date was established, it sent a results of review notice for Grasslands 4 on July 16, 2025, assessing a sanction of \$48,000 (i.e., 96 days on non-compliance at \$500/day). CAISO states that it realized it had inadvertently processed the initial results of review notice for Grasslands 3 with an

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<sup>31</sup> *Id.* at 5-6.

<sup>32</sup> *Id.* at 6-7.

<sup>33</sup> *Id.* at 7

<sup>34</sup> *Id.* at 7-8.

erroneous compliance date of March 13, 2025, but that because the \$6,500 penalty had been assessed and paid, it began a separate Rules of Conduct case to assess the remainder of the correct total penalty amount. CAISO states that the new notice of review for Grasslands 3 was sent on June 25, 2025, and a results of review notice issued on August 4, 2025, assessing a sanction of \$41,500, bringing the total sanction for Grasslands 3 to \$48,000.<sup>35</sup>

25. CAISO states that it does not oppose Yolo's waiver request because the Commission could reasonably find that the \$96,000 penalty is excessive. CAISO states that it does not support a general rule that having a generation outage automatically relieves a generator of its obligation to maintain accurate telemetry, but in this case of an extended outage and for resources with a capacity of 1 MW, CAISO agrees that it is reasonable to question whether the amount of sanctions is appropriate. CAISO notes that it does not take a position on whether Yolo's particular circumstances meet the Commission's four-part waiver test.<sup>36</sup>

26. CAISO argues, however, that Yolo and its agents had opportunities to avoid incurring penalties and to minimize those penalties after they began accruing. CAISO argues that Yolo and its designated agents frequently failed to communicate with each other and with CAISO to ensure information was conveyed to the correct party.<sup>37</sup>

27. CAISO also claims that some factors undermine Yolo's good faith conduct arguments, such as Yolo's delays responding to CAISO notices, Yolo's failure to update its designated contacts when it had three-months' notice of the termination of its contract with NovaSource and TotalEnergies, and the three separate requests from PG&E to secure backdated exemptions.<sup>38</sup>

28. CAISO asserts that Yolo did not respond with urgency to all CAISO communications as it claims. CAISO states that in some instances, Yolo and PG&E replied promptly to CAISO communications, but CAISO observed a gap of 24 days between its April 21, 2025 request that PG&E submit the proper exemption request form to the proper email address. CAISO states that there was a seven-day delay between its

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<sup>35</sup> *Id.* at 8-9.

<sup>36</sup> *Id.* at 12.

<sup>37</sup> *Id.* at 12-13.

<sup>38</sup> *Id.* at 14-16.

May 28, 2025 request to PG&E to resubmit the May 15, 2025 exemption request using the proper file format.<sup>39</sup>

**B. Yolo's Answer and Motion for Default Order**

29. Yolo states that the cause of this controversy can be traced back to CAISO's February 7, 2025 notice of telemetry failure that was not sent to Yolo until July 23, 2025. Yolo asserts that CAISO does not directly address why the notice was not sent to Yolo representatives nor how it is possible CAISO sent Yolo representatives every notice prior to October 2025 concerning the Grasslands 3 and Grasslands 4 facilities except the February 7, 2025 notice. Yolo also asserts that while it does not dispute that PG&E, as the scheduling coordinator, received regular notice of the telemetry non-compliance, Yolo has no control over PG&E and its processes. Yolo contends that PG&E's knowledge of Yolo's telemetry failure and that the February 7, 2025 notice was not addressed to Yolo representatives does not change the fact that Yolo itself was unaware of any telemetry issues or the deadline imposed by the February 7, 2025 notice. Yolo argues that instead, CAISO's delays were a significant contributor to Yolo's inability to come into compliance with the Tariff and the excessive sanctions CAISO levied on Yolo.<sup>40</sup>

30. Yolo also argues that CAISO misconstrues its attempts to comply with the Tariff. Yolo asserts that it believed CAISO accepted the April 1, 2025 request for telemetry exemptions based on CAISO's erroneous April 28, 2025 results of review notice. Yolo asserts that a market participant complies with the Tariff either when the market participant reports telemetry data as required under the Tariff or, if unable, as long as it obtains an exemption from the telemetry reporting requirements. Yolo claims that it believed it came into compliance with the Tariff by CAISO's acceptance of its March telemetry exemption request based on CAISO's April 28, 2025 notice that said Yolo was in compliance with CAISO's telemetry exemption provisions as of March 13, 2025. Yolo explains that the reason for its May 15, 2025 exemption request was not because a lack of a "genuine belief . . . that Grasslands 3 was in compliance" as CAISO asserts, but because the April 1, 2025 exemption request asked for an exemption from the telemetry requirements until July 1, 2025.<sup>41</sup> Yolo argues that its May 15, 2025 exemption request

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<sup>39</sup> *Id.* at 16-18.

<sup>40</sup> Yolo Answer at 3-5.

<sup>41</sup> *Id.* at 6-7 (quoting CAISO Comments at 16-17).

therefore sought to extend the exemption period from July 1, 2025 until October 1, 2025, showing Yolo's proactive attempts to remain in compliance with the Tariff.<sup>42</sup>

31. Yolo also asserts that because it filed its complaint under Rule 218 of the Commission's Rules of Practice and Procedure,<sup>43</sup> CAISO's answer was due within 10 days of the complaint. Yolo claims that CAISO failed to file an answer within the required timeline, and the Commission should use its discretionary authority to declare CAISO in default for failing to file an answer.<sup>44</sup>

### C. CAISO's Answers

32. CAISO reiterates that there is a reasonable basis for the Commission to grant the ultimate relief Yolo seeks. However, CAISO asserts that it sent the February 7, 2025 notice to Yolo's contractors, NovaSource and TotalEnergies, which were the specific entities to contact for metering and telemetry inquiries for Grasslands 3 and Grasslands 4. CAISO states that it was not informed that those contractors had terminated their agreement with Yolo and that it followed the Tariff process for sending Rules of Conduct notices.<sup>45</sup> CAISO further asserts that determining who bears the cost of any Rules of Conduct penalties that arise solely because a resource owner disclaims the actions of its scheduling coordinator should be resolved between the scheduling coordinator and the resource owner. CAISO also argues that Yolo's detrimental reliance argument is unpersuasive because it has not provided evidence that its staff believed the Grasslands units held a telemetry exemption starting in March 2025.<sup>46</sup>

33. With regard to Yolo's motion for default order, CAISO notes that the Tariff requires an entity to appeal "to FERC by submitting a waiver request."<sup>47</sup> CAISO asserts that for this reason, Yolo is ineligible to invoke the complaint procedures under Rule 218 if it wants its appeal to be recognized under Tariff section 37.8.10.

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<sup>42</sup> *Id.* at 7-8.

<sup>43</sup> 18 C.F.R. § 385.218 (2025).

<sup>44</sup> Yolo Motion for Default Order at 5-6.

<sup>45</sup> CAISO Answer at 2 (citing CAISO, CAISO eTariff, § 37.8.4 (Notice of Review) (3.0.0)).

<sup>46</sup> *Id.* at 3-4.

<sup>47</sup> CAISO Answer to Default Order Motion at 2 (quoting CAISO, CAISO eTariff, § 37.8.10 (Review of Determination) (7.0.0)).

#### IV. Discussion

##### A. Procedural Matters

34. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2025), prohibits an answer to an answer unless otherwise ordered by the decisional authority. We accept Yolo's and CAISO's answers because they have provided information that assisted us in our decision-making process.

##### B. Substantive Matters

35. We grant Yolo's request for waiver of Tariff section 37.6.1 to nullify \$96,000 in penalties assessed by CAISO to Yolo for its failure to timely restore telemetry or submit telemetry reporting exemption requests.<sup>48</sup> As an initial matter, because Yolo seeks waiver to nullify penalties assessed by CAISO for the period of February 28, 2025 to June 4, 2025, Yolo's waiver request is retroactive. However, Tariff section 37.8.10 provides that "a Market Participant whose conduct gave rise to the results of review notice [concluding a Rules of Conduct violation occurred], may appeal the CAISO's conclusion to FERC by submitting a waiver request."<sup>49</sup> This provision permits market participants to appeal the imposition of penalties under Tariff section 37, thereby providing adequate notice to the market that the penalty procedures set forth in that Tariff section may be subject to further Commission review.<sup>50</sup> The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences such as harming third parties.<sup>51</sup> We find that the circumstances of Yolo's waiver request satisfy these criteria.

36. First, we find that Yolo acted in good faith in attempting to resolve non-compliance with its telemetry obligations in a timely manner. Based on the record, it appears that

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<sup>48</sup> As discussed above, Tariff section 37.8.10 specifies that a market participant may appeal penalties resulting from a Rules of Conduct violation by submitting a tariff waiver request with the Commission. CAISO, CAISO eTariff, § 37.8.10 (Review of Determination) (7.0.0). Therefore, we deny Yolo's motion for default order on complaint.

<sup>49</sup> *Id.*

<sup>50</sup> See *S. Cal. Edison Co.*, 192 FERC ¶ 61,024 (2025) (*SoCal Edison*) (citations omitted).

<sup>51</sup> See, e.g., *Citizens Sunrise Transmission LLC*, 171 FERC ¶ 61,106, at P 10 (2020); *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 13 (2016).

Yolo's non-compliance was inadvertent and resulted from successive communication failures between CAISO, PG&E, and Yolo.<sup>52</sup> In particular, Yolo represents that its failure to request the necessary exemptions was the direct result of it not receiving the February 7, 2025 notice from CAISO and believing that it was in compliance with the Tariff. We note that Yolo asserts that it has taken steps to avoid the recurrence of this error by updating its telemetry contact with CAISO and timely seeking telemetry exemptions since it became aware of the violation.<sup>53</sup>

37. Second, we find that the waiver is limited in scope because it applies only to one instance of non-compliance with the Tariff due to an inadvertent error, and Yolo has taken steps to avoid the recurrence of this error in the future.<sup>54</sup>

38. Third, we find that the waiver addresses a concrete problem because, absent waiver, Yolo would be assessed a \$96,000 penalty for its failure to timely restore telemetry or submit telemetry reporting exemption requests. The Commission has previously nullified penalties upon appeal by market participants when the penalties assessed are not commensurate with any potential damage caused by an inadvertent error, which was properly reported upon discovery, promptly fixed, and had a *de minimis* effect on CAISO's markets.<sup>55</sup>

39. Finally, we find that the requested waiver will not result in undesirable consequences, such as harming third parties. Yolo represents that no third parties were harmed by the failure to submit telemetry data and that granting the waiver will not require CAISO to revisit Yolo's settlement transactions or those of any other market participant. In granting waiver, we note that CAISO states that it does not oppose the waiver request and asserts that there is a reasonable basis for the Commission to conclude the penalties are excessive in this specific case.<sup>56</sup>

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<sup>52</sup> Waiver Request at 7; CAISO Comments at 7, 8.

<sup>53</sup> Waiver Request at 10.

<sup>54</sup> *Id.* at 9-10.

<sup>55</sup> *See, e.g., SoCal Edison*, 192 FERC ¶ 61,024.

<sup>56</sup> CAISO Comments at 1, 12; CAISO Answer at 1.

The Commission orders:

Yolo's waiver request is hereby granted, as discussed in the body of this order.

By the Commission.

( S E A L )

Carlos D. Clay,  
Deputy Secretary.