

179 FERC ¶ 61,035  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Richard Glick, Chairman;  
James P. Danly, Allison Clements,  
Mark C. Christie, and Willie L. Phillips.

California Independent System Operator Corporation      Docket No. ER20-1075-002

ORDER ON REMAND

(Issued April 22, 2022)

1. This case is before the Commission on remand from the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit).<sup>1</sup> At issue on remand is whether the Commission erred in accepting a proposal by the California Independent System Operator Corporation (CAISO) to include a 20% adder in the formula for determining compensation for a resource that offers a price that exceeds the Capacity Procurement Mechanism (CPM) soft-offer cap.<sup>2</sup> In this order, as further discussed below, we reverse the determination in the May 2020 Order and find that CAISO has not demonstrated that its proposed 20% adder is just and reasonable and not unduly discriminatory or preferential. Furthermore, we accept as just and reasonable and not unduly discriminatory or preferential an alternative compensation methodology proposed by CAISO that includes the going forward costs of the resource without any adder. Accordingly, we direct CAISO to submit a compliance filing within 30 days of the date of this order to remove from its Open Access Transmission Tariff (Tariff) the compensation methodology that includes the 20% adder and replace it with the alternative methodology that excludes the 20% adder.

**I. Background**

2. Since 2006, CAISO and the local regulatory authorities within its balancing authority area, chiefly the California Public Utilities Commission (CPUC), have jointly administered a resource adequacy program. To support system resource adequacy, load serving entities must procure capacity to meet their forecasted peak load plus a reserve margin, as established by their local regulatory authority. The program also requires load

---

<sup>1</sup> *Cal. Pub. Utils. Comm'n v. FERC*, 20 F.4th 795, at 801 (D.C. Cir. 2021) (*CPUC v. FERC*).

<sup>2</sup> *Cal. Indep. Sys. Operator Corp.*, 171 FERC ¶ 61,172 (2020) (May 2020 Order).

servicing entities to procure local and flexible capacity, as determined by CAISO and adopted by their local regulatory authorities. To remedy any unresolved resource adequacy deficiencies and/or to meet specified reliability needs, CAISO relies on backstop capacity procurement authority using the CPM provisions of its Tariff.<sup>3</sup>

3. Under the CPM Tariff provisions, resources that do not have a resource adequacy or similar contract may submit capacity bids into the CPM competitive solicitation process.<sup>4</sup> Based on the bids submitted, CAISO offers CPM designations to address one of the circumstances specified in the Tariff. The Tariff provides two options for submitting CPM offers into a competitive solicitation process for compensation. First, the resource can receive compensation based on its capacity bid price up to the CPM soft-offer cap, which is set at \$6.31/kW-month.<sup>5</sup> The CPM soft-offer cap is currently derived based on the going forward costs (i.e., fixed operations and maintenance costs, ad valorem taxes, and insurance costs) of a reference unit, plus a 20% adder to that total cost.<sup>6</sup> The second option is for the CPM resource to offer capacity at a cost above the soft-offer cap and to justify that offer by making a filing with the Commission. To date, no resource has ever sought to justify compensation above the CPM soft-offer cap. From 2015 through the effective date of the May 2020 Order, CPM compensation for bids above the soft-offer cap was based on the formula in schedule F of the *pro forma* RMR contract, which compensates a resource based on its full annual cost of service, including a return on (and of) capital, of its net plant at the time of the contract.<sup>7</sup> Regardless of which option a resource selects, it retains all revenues it earns in the CAISO markets.<sup>8</sup>

4. In February 2020, CAISO filed Tariff revisions that offered two alternative, mutually exclusive proposals for pricing CPM offers above the soft-offer cap, and requested that the Commission first consider CAISO's preferred proposal. Under CAISO's preferred proposal (Adder Proposal), a resource that submits an offer above the

---

<sup>3</sup> CAISO, CAISO eTariff, § 43A (Capacity Procurement Mechanism) (0.0.0.). CPM is one of two backstop mechanisms CAISO utilizes. The other is through a Reliability Must-Run (RMR) designation.

<sup>4</sup> *Id.*, § 43A.2.

<sup>5</sup> *Id.*, § 43A.4.1.1.

<sup>6</sup> *Id.*, § 43A.4.1.1.2; *see also* CAISO, Transmittal Letter, Docket No. ER15-1783-000, at 15 (filed May 25, 2015) (explaining that the soft-offer cap includes a 20% adder on top of the going forward fixed costs of a reference unit).

<sup>7</sup> *Id.*, § 43A.4.1.1.1.

<sup>8</sup> *Id.*, § 43A.7.3.

CPM soft-offer cap would file with the Commission to support the price included in that offer based on the resource's going forward fixed costs (using the same three categories of costs included in the derivation of the soft-offer cap, i.e., fixed operations and maintenance costs, ad valorem taxes, and insurance costs) plus 20% of the foregoing amounts (20% adder), with such costs converted to a fixed \$/kW-year amount. CAISO argued that this methodology (1) aligns with how the existing CPM soft-offer cap is derived, (2) is consistent with prior Commission guidance that CPM compensation should allow for some meaningful contribution to fixed cost recovery and provide incentives for resources to undertake necessary upgrades and long-term maintenance,<sup>9</sup> and (3) reflects the voluntary nature of CPM designations.<sup>10</sup>

5. Under CAISO's alternative proposal (Alternative Proposal), a resource that submits an offer above the CPM soft-offer cap would submit a filing to the Commission to justify the price included in its offer based on the same going forward costs but *would not include* the 20% adder. CAISO argued that the formula without the 20% adder was consistent with Commission orders stating that recovery of going forward costs is appropriate for voluntary, as opposed to mandatory, backstop mechanisms.<sup>11</sup>

6. In the May 2020 Order, the Commission accepted CAISO's Adder Proposal, finding that "the inclusion of a 20% adder on top of demonstrated going forward fixed costs is consistent with Commission precedent on CPM compensation,"<sup>12</sup> and that "CAISO's proposal to allow CPM resources a 20% adder on top of their going forward fixed costs will allow those resources the opportunity for sufficient recovery of fixed costs plus a return on capital to facilitate incremental upgrades and improvement by the

---

<sup>9</sup> *Cal. Indep. Sys. Operator Corp.*, 134 FERC ¶ 61,211, at PP 57-59 (2011) (2011 CPM Order) (addressing a proposal by CAISO to base CPM compensation on going-forward costs plus a 10% adder and finding that CAISO had not demonstrated that its proposal would "provide incentives or revenue sufficiency for resources to perform long-term maintenance or make improvements that may be necessary"); *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,001, at P 29 (2015) (2015 CPM Order) (finding that the soft-offer cap, which includes a 20% adder, should allow sufficient recovery of fixed costs plus return on capital to facilitate incremental upgrades and improvement by resources).

<sup>10</sup> May 2020 Order, 171 FERC ¶ 61,172 at PP 6-7.

<sup>11</sup> *Id.* P 8 (citing CAISO Transmittal, which discusses *N.Y. Indep. Sys. Operator Corp.*, 150 FERC ¶ 61,116, at P 17 (2015) (*NYISO*); *Midcontinent Indep. Sys. Operator, Inc.*, 148 FERC ¶ 61,057, at PP 84-85 (2013) (*MISO*)).

<sup>12</sup> *Id.* P 36 (citing 2015 CPM Order, 153 FERC ¶ 61,001 at P 29).

resources.”<sup>13</sup> The May 2020 Order did not address the merits of the Alternative Proposal because the Commission accepted the Adder Proposal.<sup>14</sup>

7. CPUC sought rehearing of the May 2020 Order, arguing that the Commission erred by relying on the 2015 CPM Order in its acceptance of the Adder Proposal. CPUC requested that the Commission reject the 20% adder and instead accept CAISO’s Alternative Proposal, which did not include the 20% adder. The Commission denied rehearing by operation of law.<sup>15</sup> CPUC appealed the decision to the D.C. Circuit.

## II. D.C. Circuit Court Opinion

8. The D.C. Circuit held that the Commission’s reliance on the 2015 CPM Order as a basis for accepting the Adder Proposal was not the product of reasoned decision making. In particular, the D.C. Circuit stated that the Commission failed to grapple with the distinction between bids submitted below the soft-offer cap, which were the subject of the 2015 CPM Order, and bids above the soft-offer cap. Thus, the court held that the Commission erred by relying on precedent “without recognition of the substantial differences between the two cases.”<sup>16</sup> The D.C. Circuit opined that, whereas “the soft-offer cap produces a fixed, resource-agnostic maximum rate meant to facilitate a competitive bidding process among many resource classes . . . [the Adder Proposal] results in a variable, resource-specific and uncapped maximum rate intended to compensate particular resources.”<sup>17</sup> The D.C. Circuit faulted the Commission for simply citing the 2015 CPM Order and invoking a consistency rationale, rather than discussing these material differences in deciding whether to approve the 20% adder.<sup>18</sup>

9. The D.C. Circuit also held that the record contained no evidence or findings to support the Commission’s decision to accept the 20% adder. For example, the court noted that “there are no findings on which cost categories resources should have the ‘opportunity’ to recover, what amount of recovery for such costs would ‘facilitate’ the desired incremental improvements and upgrades or what relationship a fixed 20%

---

<sup>13</sup> *Id.* P 35.

<sup>14</sup> *See id.* P 35 n.53 (“Given this finding, we do not reach the merits of CAISO’s alternative proposal); *id.* P 41.

<sup>15</sup> *Cal. Indep. Sys. Operator Corp.*, 172 FERC ¶ 62,052 (2020).

<sup>16</sup> *CPUC v. FERC*, 20 F.4th at 801.

<sup>17</sup> *Id.* at 802.

<sup>18</sup> *Id.*

adders—as opposed to a different adder or simply market revenues—bears to those identified cost categories or desired improvements and upgrades.”<sup>19</sup> The D.C. Circuit also stated that the Commission erred by largely ignoring comments by parties to the proceeding that pointed out the dearth of supporting evidence in the record.<sup>20</sup> In particular, the court referenced comments highlighting the lack of analysis as to why market revenues alone—which are uncapped and not netted against other CPM compensation—would not provide sufficient cost recovery for incremental upgrades and improvements, thereby rendering the 20% adder unnecessary.<sup>21</sup> Finally, the court noted that the Commission did not respond to concerns raised by parties that “inclusion of a 20% adder that bears no clear relationship to particular cost categories or improvements could result in compensation for costs not incurred, rendering the rate potentially unjust or unreasonable.”<sup>22</sup>

10. As a result of these findings, the D.C. Circuit vacated the May 2020 Order and remanded the case to the Commission for proceedings consistent with the opinion.<sup>23</sup>

### **III. Commission Determination**

11. Upon further consideration of the record in this proceeding in light of the D.C. Circuit’s remand, we reverse the Commission’s acceptance of the Adder Proposal and instead accept CAISO’s Alternative Proposal.<sup>24</sup> We note that, in addition to the Adder Proposal, the May 2020 Order accepted two minor Tariff revisions to clarify that certain resource adequacy requirements also apply to CPM resources.<sup>25</sup> Those revisions were

---

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 803.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> Rather than “inflict[ing]” regulatory uncertainty, as the dissent suggests, today’s order ameliorates the regulatory uncertainty created by the D.C. Circuit’s remand, with vacatur, of the Commission’s May 2020 Order accepting the Adder Proposal, which the court found unsupported. *See Cal. Indep. Sys. Operator Corp.*, 179 FERC ¶ 61,035 (2022) (Danly, Comm’r *dissenting*).

<sup>25</sup> May 2020 Order, 171 FERC ¶ 61,172 at PP 9, 35; *see also* CAISO, CAISO eTariff, §§ 43A.5.4, 43A.6.2.

unrelated to determining compensation for resources that offer above the CPM soft-offer cap and were not challenged on appeal. Therefore, we clarify that those provisions are not affected by our action here and they remain in effect.

12. In the May 2020 Order, the Commission relied on the 2015 CPM Order as the basis for its finding that inclusion of the 20% adder in the formula for compensation that exceeds the CPM soft-offer cap is just and reasonable. However, as the D.C. Circuit discussed in *CPUC v. FERC*, the 2015 CPM Order pertains to the derivation of the soft-offer cap, which is a resource-agnostic fixed rate based on the costs of a reference unit.<sup>26</sup> Here, in contrast, we are evaluating resource-specific compensation for a resource with going forward costs above the soft-offer cap. We find that the record contains no evidence regarding the actual cost recovery needs of specific resources with going forward costs above the soft-offer cap that demonstrates that an adder is warranted to ensure sufficient cost recovery and conclude that the findings in the 2015 CPM Order need not govern here. Furthermore, as to the specific level of CAISO's proposed adder, the record is similarly lacking any evidence to establish why a 20% adder is appropriate, even if an adder was otherwise justified. Accordingly, we find that CAISO has not demonstrated that the Adder Proposal is just and reasonable.

13. Turning to the Alternative Proposal, the merits of which the Commission did not address in the May 2020 Order,<sup>27</sup> we find that CAISO has demonstrated the justness and reasonableness of this compensation methodology.<sup>28</sup> Specifically, we find that the Alternative Proposal is consistent with Commission precedent indicating that compensation for voluntary backstop procurement mechanisms should, at a minimum,

---

<sup>26</sup> See 2015 CPM Order, 153 FERC ¶ 61,001 at P 29.

<sup>27</sup> We note that CAISO filed both the Adder Proposal and the Alternative Proposal pursuant to FPA section 205. When it made its filing, CAISO requested that, if the Commission were to reject the Adder Proposal, that it “consider and accept the [Alternative Proposal].” CAISO Transmittal at 1.

<sup>28</sup> We note that several commenters in the underlying proceeding supported the Alternative Proposal, including CPUC, Pacific Gas and Electric Company (PG&E), and CAISO's Department of Market Monitoring. See May 2020 Order, 171 FERC ¶ 61,172 at P 12. Calpine Corporation (Calpine), on the other hand, opposed both the Alternative Proposal and the Adder Proposal. Calpine disputed CAISO's argument that the existing CPM compensation methodology resulted in double recovery of a resource's costs and claimed that the two approaches were not just and reasonable because they effectively placed a hard cap on a resource's CPM compensation that is below the resource's full fixed costs, among other arguments. The May 2020 Order responded to Calpine's arguments and we add nothing further here. See *id.* PP 39-40.

provide for recovery of a resource's going forward costs.<sup>29</sup> Although the guidance in *NYISO* was provided in the context of RMR compensation, we find that the point of that guidance was to distinguish between voluntary versus mandatory backstop regimes and not to create a compensation rule for a specific type of voluntary backstop procurement. Similarly, the Commission's cost compensation guidance in *MISO* rested on a distinction between voluntary and mandatory participation in a competitive marketplace. Further, we find that our analysis is not altered by the fact that this case concerns compensation for specific resources because the overriding policy principle is that recovery of going forward costs is sufficient as a minimum if the backstop procurement mechanism is voluntary. Because CPM is a voluntary, rather than a mandatory, backstop procurement mechanism and because the Alternative Proposal provides for recovery of going forward costs, we conclude that the Alternative Proposal is consistent with the Commission's statements in *NYISO* and *MISO*.<sup>30</sup> The conclusion that going forward costs is sufficient in this situation is also consistent with the record. As the D.C. Circuit explained, in the underlying proceeding, "PG&E provided modeling indicating the significant likelihood that a facility's *full cost of service* would be recovered from going-forward costs and market revenues alone—i.e., before the inclusion of any adder."<sup>31</sup>

14. We recognize that the Commission made statements in the 2011 CPM Order that could be construed as an expectation that CPM compensation, including for resources seeking recovery above the soft-offer cap, provide an opportunity for recovery of costs beyond fixed operations and maintenance costs, ad valorem taxes, and insurance costs.<sup>32</sup>

---

<sup>29</sup> See, e.g., *NYISO*, 150 FERC ¶ 61,116 at P 17 ("[S]hould NYISO choose an exclusively voluntary RMR regime, . . . compensation to an RMR generator must at minimum allow for the recovery of the generator's going-forward costs . . . . Alternatively, should NYISO choose an exclusively mandatory RMR regime, . . . NYISO's proposal should provide for compensation at a full cost-of-service rate."); see also *MISO*, 148 FERC ¶ 61,057 at PP 84-85 (distinguishing between cost compensation for generators that operate voluntarily in a competitive marketplace and generators that are required to operate as a last resort option to maintain reliability, and explaining that "[w]hen a generator . . . is operating voluntarily in a competitive marketplace . . . the Commission need only provide the generator with the opportunity to recover its costs . . .").

<sup>30</sup> See *id.*

<sup>31</sup> *CPUC v. FERC*, 20 F.4th at 803 (emphasis in original). See also PG&E Comments at 13-17.

<sup>32</sup> 2011 CPM Order, 134 FERC ¶ 61,211 at PP 57-59 (questioning whether CAISO had demonstrated that its proposal to include a 10% adder on top of the going forward

However, we find that precedent to be distinguishable from this situation for several reasons. First, the 2011 CPM Order pertained to a fixed administrative price applicable to all resources, thereby making it less certain that the fixed CPM price would be sufficient to cover a specific resource's going forward costs. Here, not only has the CPM process transitioned since the 2011 CPM Order to a competitive solicitation in which resources submit bids up to the soft-offer cap based on their unique cost recovery needs, but we are also addressing the compensation for a specific resource with known going forward costs. Therefore, we find that the Commission's earlier concerns regarding the sufficiency of a 10% adder are inapplicable here. Second, the concerns expressed by the Commission with the 10% adder proposal at issue in the 2011 CPM Order were not a determination that such a proposal would in fact be unjust and unreasonable but were instead intended to help frame the scope of a technical conference on CPM that the Commission had directed its staff to convene in that proceeding.<sup>33</sup> As such, we find that the 2011 CPM Order does not dictate a particular result here.

15. Finally, we note that CPM resources may retain any market revenues that they earn in the CAISO energy and ancillary services markets, allowing for additional cost recovery. We note that the record contains no evidence to suggest that these market revenues will fail to provide the resources in question a meaningful opportunity to recover the costs of any incremental upgrades or improvements.<sup>34</sup>

16. Given our findings, we direct CAISO to submit a compliance filing within 30 days of the date of this order that removes from the Tariff the Adder Proposal methodology and replaces it with the Alternative Proposal that we are accepting as just and reasonable here.

The Commission orders:

(A) The May 2020 Order is hereby reversed, as discussed in the body of this order.

---

costs of a reference unit would “provide incentives or revenue sufficiency for resources to perform long-term maintenance or make improvements that may be necessary . . .”).

<sup>33</sup> *Id.* P 59. In the 2011 CPM Order, the Commission explained that CAISO had not demonstrated that its compensation proposal, including the 10% adder, was just and reasonable. *Id.* P 55. Accordingly, the Commission accepted and suspended CAISO's compensation proposal, subject to refund and further order, and directed its staff to convene a technical conference to address this issue.

<sup>34</sup> As noted *supra* in P 3, to date no resource has ever sought to justify compensation above the CPM soft-offer cap.



(B) CAISO's Alternative Proposal is hereby accepted, as discussed in the body of this order.

(C) CAISO is hereby directed to submit a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By the Commission. Commissioner Danly is dissenting with a separate statement attached.

( S E A L )

Kimberly D. Bose,  
Secretary.

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation

Docket No. ER20-1075-002

(Issued April 22, 2022)

DANLY, Commissioner, *dissenting*:

1. In this order on remand from the United States Court of Appeals for the District of Columbia Circuit,<sup>1</sup> the Commission eliminates the 20 percent adder previously allowed for suppliers to justify capacity offers above the “soft-offer cap” in the Capacity Procurement Mechanism administered by the California Independent System Operator Corporation (CAISO).<sup>2</sup> The majority finds that there is insufficient record support for the adder.<sup>3</sup> Rather than reject the adder and inflict another regulatory flip-flop on the power markets, I would have sought additional record evidence for or against the 20 percent adder.

2. The record is incomplete. It seems likely that parties submitted less record evidence in support of the adder in this proceeding because the exact same adder (and justification for it) has been in use to set the soft-offer cap since 2015.<sup>4</sup> Any such omission could be remedied by soliciting additional evidence now. But the majority takes the blunt hammer approach and simply gets rid of it. In doing so, the majority fails to mention that CAISO has experienced rolling blackouts in the interim and remains in a near perpetual state of emergency, largely because of insufficient generation resources and artificially low prices.<sup>5</sup> There is nothing in the record about any of this, either, but

---

<sup>1</sup> See *Cal. Pub. Utils. Comm’n v. FERC*, 20 F.4th 795 (D.C. Cir. 2021).

<sup>2</sup> See *Cal. Indep. Sys. Operator Corp.*, 179 FERC ¶ 61,035 (2022).

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

<sup>4</sup> See *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,001, at P 29 (2015) (upholding soft offer cap with a 20 percent adder to allow sufficient recovery of fixed costs plus return on capital to facilitate incremental upgrades and improvement by resources).

<sup>5</sup> See *Transcript of the 1073rd Meeting*, FERC, at 31 (Dec. 17, 2020) <https://www.ferc.gov/news-events/events/december-17-2020-virtual-open-meeting-12172020> (“Overall, the August heat storm brought to life several potential shortcomings associated with the California planning processes, operating protocols, and market design.”) (December 2020 Meeting Transcript); see also *Cal. Indep. Sys. Operator Corp.*, 176 FERC ¶ 61,159 (2021) (Danly, Comm’r, dissenting at P 1) (“CAISO seeks this latest

clearly this is a bad time to impose price-suppressing changes on the CAISO markets absent greater justification.

3. The Commission recently reversed a nearly identical capacity adder in the PJM market, and my dissent in that case offers further reasoning for not reversing the adder here.<sup>6</sup> My primary point there was that the majority ignores the effects of the regulatory uncertainty its reversals impose on already fragile power markets.<sup>7</sup> The situation somehow is even worse in CAISO than in PJM. While the Commission itself has interfered less in the CAISO market design than it has in PJM, the CAISO markets are in worse shape if measured by blackouts<sup>8</sup> and emergency filings.<sup>9</sup>

---

emergency relief because of the ongoing and persistent failure of its markets to attract and retain adequate resources to maintain reliability.”); *id.* (Danly, Comm’r, dissenting at PP 16-18).

<sup>6</sup> *PJM Interconnection, L.L.C.*, 178 FERC ¶ 61,020 (2022) (Danly, Comm’r, dissenting).

<sup>7</sup> *Id.* (Danly, Comm’r, dissenting at PP 5-9).

<sup>8</sup> *See Staff Presentation on Preliminary Observations on the August 2020 California Heat Storm* (AD21-3-000), FERC (Dec. 17, 2020), <https://www.ferc.gov/news-events/news/staff-presentation-preliminary-observations-august-2020-california-heat-storm-ad21>; *Staff Presentation on California Independent System Operator* (EL21-19-000), FERC (Dec. 17, 2020), <https://www.ferc.gov/news-events/news/staff-presentation-california-independent-system-operator-el21-19-000>.

<sup>9</sup> *See, e.g.*, Dept. of Energy, Order No. 202-21-2 (issued Sept. 10, 2021) (emergency order issued pursuant to Federal Power Act (FPA) section 202(c), 16 U.S.C. § 824a(c), determining that an emergency exists in California due to a shortage of electric energy, a shortage of facilities for the generation of electric energy, and other causes and authorizing specific electric generation resources located within California to test and operate at their maximum generation output levels when directed to do so by CAISO notwithstanding air quality or other permit limitations through Nov. 9, 2021); Dept. of Energy, Order No. 202-20-2 (issued Sept. 6, 2020) (FPA section 202(c), 16 U.S.C. § 824a(c), emergency order was issued to CAISO authorizing specific electric generating units located within the CAISO balancing authority area to operate at their maximum generation output levels due to an ongoing “Extreme Heat Event” and to preserve the reliability of bulk electric power system through Sept. 13, 2020); *see also Cal. Indep. Sys. Operator Corp.*, 176 FERC ¶ 61,159 (granting waiver to allow CAISO to immediately interconnect two generating units to address potential capacity shortfalls and maintain reliability); *Cal. Indep. Sys. Operator Corp.*, 175 FERC ¶ 61,245 (2021) (order accepting

4. The majority is interfering now, but when the next blackout hits, I predict that the Commission will be first in line to blame CAISO for its ineffectual markets, wholly ignoring our own role in rejecting perfectly reasonable price formation rules that could have helped prevent the reliability shortfall.

For these reasons, I respectfully dissent.

---

James P. Danly  
Commissioner

---

tariff revisions subject to further compliance filing to modify load, export, and wheeling priorities in the day-ahead and real-time optimization process and establish related market rules); *Cal. Indep. Sys. Operator Corp.*, 175 FERC ¶ 61,168 (2021) (order on tariff revisions to enhance CAISO's resource adequacy rules by: (1) adopting a minimum state of charge requirement for storage resources that provide resource adequacy capacity; (2) requiring substitute capacity for all maintenance outages of resource adequacy resources; (3) clarifying that extending the scope or duration of an existing outage requires a new outage request; and (4) updating the local capacity technical study criteria and permitting CAISO to designate capacity under the backstop capacity procurement mechanism if there are deficiencies relative to the revised criteria); *Cal. Indep. Sys. Operator Corp.*, 175 FERC ¶ 61,167 (2021) (order on tariff revisions regarding the import capability allocation process); *Cal. Indep. Sys. Operator Corp.*, 175 FERC ¶ 61,160 (2021) (order on tariff revisions to ensure CAISO has the appropriate operational tools and market rules to address tight supply conditions).