

188 FERC ¶ 61,136
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 23, 2024

In Reply Refer To:
California Independent System Operator
Corporation
Docket No. ER24-2381-000

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

Attention: David S. Zlotlow

Dear Mr. Zlotlow:

1. On June 26, 2024, pursuant to section 205 of the Federal Power Act¹ and Part 35 of the Commission's regulations,² California Independent System Operator Corporation (CAISO) submitted proposed revisions to section 30.5.7 of the CAISO Open Access Transmission Tariff (Tariff)³ to clarify the interaction between the electronic tag (E-Tag) submission timeline and the accompanying intertie transaction's eligibility for a schedule in the 15-minute market. As discussed below, we accept the proposed Tariff revisions, effective June 27, 2024, as requested.

2. The existing rules in Tariff section 30.5.7 were proposed as part of the Intertie Deviation Settlement (IDS) initiative, which created a new set of financial charges for scheduling coordinators with a difference between their schedule from the Hour Ahead Scheduling Process (HASP) and the final quantities on E-Tags.⁴ As part of the policy, CAISO developed rules regarding the timing of when the resource's scheduling

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2023).

³ California Independent System Operator Corporation, CAISO eTariff, 30.5.7, E-Tag Rules and Treatment of Intertie Schedules (7.0.0).

⁴ Transmittal at 1-2.

coordinator submits the transmission profile portion of the E-Tag and what 15-minute market schedule CAISO awards.⁵

3. Section 30.5.7 and its subsections establish timing deadlines for submission of E-Tags. For intertie transactions, the Tariff requires that the transmission profile at T-40 support the self-schedule or economic bid submitted to the 15-minute market. This allows CAISO to base the 15-minute market schedules on the preliminary E-Tags with transmission profiles submitted by T-40. If the transmission profile does not support the self-schedule or economic bid, CAISO will set the 15-minute market schedule to zero MW for all four 15-minute market intervals of the hour.⁶ Existing Tariff sections 30.5.7.1, 30.5.7.2, 30.5.7.3, 30.5.7.4, and 30.5.7.5 all state:

[b]y forty minutes prior to the applicable Trading Hour, the Scheduling Coordinator must submit an E-Tag (or set of E-Tags) that passes CAISO E-Tag validation procedures and that supports the [intertie self-schedule or economic bid]. If the Scheduling Coordinator fails to submit a valid E-Tag by forty minutes prior to the applicable Trading Hour, then CAISO will set the MW quantity of the 15-minute market Schedule . . . to zero for each 15-minute market interval of the hour.⁷

These Tariff sections also state that the energy profile at T-40 need not match the HASP schedule, but failure to conform the energy profile to the lower of the transmission profile or the HASP schedule will expose the scheduling coordinator to the Under/Over Delivery Charge.⁸

4. CAISO, as part of its internal audit and compliance activities, identified a gap between the Tariff language in section 30.5.7 and CAISO's implementation of those provisions. Specifically, CAISO identified many cases where a scheduling coordinator with a HASP schedule failed to submit a transmission profile by T-40 and received non-zero 15-minute market awards for the final three 15-minute market intervals of the

⁵ *Id.* at 2.

⁶ *Id.* at 4. The Commission accepted CAISO's Filing on September 17, 2020, subject to a compliance filing. *Cal. Indep. Sys. Operator Corp.*, 172 FERC ¶ 61,234 (2020). The IDS Tariff amendments became effective February 8, 2021.

⁷ California Independent System Operator Corporation, CAISO eTariff, 30.5.7, E-Tag Rules and Treatment of Intertie Schedules (6.0.0).

⁸ *Id.*

Trading Hour. Additionally, CAISO systems consider the energy profile as a factor in setting the 15-minute market schedule, contrary to the statement that “[t]he energy profile of the E-Tag at forty minutes prior to the applicable Trading Hour need not equal the” HASP schedule.⁹ CAISO implemented an approach under which the lowest of the HASP schedule, the transmission profile, or the energy profile as of T-40 (for the first 15-minute interval), T-25 (for the second 15-minute interval), and T-20 (for the third and fourth 15-minute interval) set the upper limit of the applicable 15-minute market schedule.¹⁰ For example, CAISO states, if the scheduling coordinator submitted a transmission profile on an E-Tag by T-20, the scheduling coordinator would signal it could support a 15-minute market schedule for at least the final two intervals of the Trading Hour. If the scheduling coordinator submitted a transmission profile on an E-Tag after T-20, the scheduling coordinator would be ineligible for any 15-minute market awards of the Trading Hour.¹¹

5. CAISO states that, prior to submitting this filing with the Commission, CAISO published a document for stakeholders that outlined the compliance issue, offered CAISO’s rationale for amending the Tariff, and provided draft revisions to section 30.5.7.¹² CAISO asserts that it followed the publication of the document with a stakeholder meeting to discuss the issues and receive stakeholder feedback. CAISO explains that it identified two approaches to resolving the gap between the Tariff language and CAISO’s current implementation: (1) amend the Tariff to reflect the current implementation; or (2) update the current implementation to match the approved Tariff. CAISO concluded that amending the Tariff to align with CAISO’s current implementation of section 30.5.7 and the finalized IDS policy is preferable.¹³ CAISO states that no stakeholder opposes CAISO’s proposed course of action.¹⁴

6. CAISO explains that the current Tariff rule incentivizes early submission of E-Tags and provides a single, clearly defined cutoff for intertie resources to be considered in the 15-minute market, rather than a more complicated rolling deadline. According to CAISO, both of these factors provide CAISO greater certainty moving into the 15-minute market. However, CAISO asserts, this certainty sacrifices operational

⁹ *Id.*

¹⁰ Transmittal at 5.

¹¹ *Id.* at 3.

¹² *Id.* at 9.

¹³ *Id.* at 6.

¹⁴ *Id.* at 9.

flexibility, jeopardizes reliability, creates greater inconsistency in E-Tag processes across the West, and imposes cascading impacts on other intertie schedules. CAISO argues that it is just and reasonable to resolve the trade-off in favor of maintaining operational flexibility by amending the Tariff to align with current implementation.¹⁵

7. CAISO states that a rule that requires the 15-minute market to disregard schedules with a transmission profile submitted between T-40 and T-20 denies CAISO and its neighboring balancing authority areas (BAAs) the opportunity to make beneficial transfers for the periods covered by the final three 15-minute market intervals of the Trading Hour. CAISO explains that, if forced to disregard economic imports, CAISO may need to rely on less economic internal resources. Similarly, where exports from CAISO could serve the needs of neighboring BAAs, CAISO asserts that there is no reason for CAISO to zero out the exports for the entire hour merely because a scheduling coordinator did not submit the E-Tag in time for the first 15-minute market of the Trading Hour to consider the schedule.¹⁶

8. CAISO also asserts that the current Tariff rule creates inconsistencies with the North American Energy Standards Board (NAESB) E-Tag rules, and that CAISO previously concluded in the IDS policy initiative that it was preferable not to create such inconsistencies. According to CAISO, ensuring that it coordinates effectively with neighboring BAAs has become increasingly important following the IDS initiative in 2019.¹⁷ CAISO states that the current Tariff rule risks creating a cascade of negative impacts on other parties beyond those directly affected by the rule. CAISO argues that zeroing out an hour's worth of 15-minute market transactions based on the absence of a transmission profile in an E-Tag submitted at T-40 is problematic because an import can provide counterflow to an export on the same intertie, or vice versa.¹⁸

9. CAISO proposes amendments to section 30.5.7 to align the Tariff's E-Tag timelines with existing practice and to clarify the market consequences for failure to meet the timelines. CAISO notes that it does not state that scheduling coordinators must follow any particular E-Tag submission timelines outside of the NAESB rules to ensure energy will flow. Rather, CAISO asserts that section 30.5.7 and its sub-sections establish market consequences for not meeting the timelines. CAISO states that the revised section 30.5.7 contains a general statement that scheduling coordinators must meet the generally applicable E-Tag requirements established by NAESB and adopted by the

¹⁵ *Id.* at 6.

¹⁶ *Id.*

¹⁷ *Id.* at 6-7.

¹⁸ *Id.* at 7.

Western Electricity Coordinating Council.¹⁹ Further, CAISO more generally proposes to streamline and clarify the organization of the section.

10. CAISO states that revised section 30.5.7.1 identifies the expected timeline for E-Tag submission applicable for each of the four 15-minute market intervals in an hour. CAISO notes that, consistent with the concept that CAISO never intended to enforce hard deadlines on the E-Tag process beyond those established by NAESB, the proposed Tariff revisions refer to 15-minute market E-Tag submission timing cut-offs, rather than deadlines. The proposed cut-offs for the first two 15-minute market intervals of the Trading Hour are at T-40 and T-25, rather than T-37.5 and T-22.5, respectively, to ensure that CAISO has sufficient time to process the information and the first two 15-minute market optimizations can consider the E-Tag information. The cut-offs for the final two 15-minute market intervals of the Trading Hour match the NAESB tagging deadline for the hour, which comes before CAISO runs the optimization for the final two 15-minute market intervals.²⁰

11. CAISO states that revised section 30.5.7.2 specifies that the 15-minute market schedule for a 15-minute market interval cannot exceed the lowest of these three values: (1) the quantity of the HASP award accepted in the CAISO automated dispatch system (that is, the value the scheduling coordinator actively accepts, or the value CAISO deems as accepted by default); (2) the E-Tag transmission profile at the E-Tag submission timing cutoff for the 15-minute market interval; and (3) the E-Tag energy profile at the E-Tag submission timing cut-off for the 15-minute market interval. CAISO states that this formulation permits each 15-minute market optimization to consider the most current E-Tag information and will not award a 15-minute market schedule that exceeds the scheduling coordinator's demonstrated ability to deliver, as reflected in the energy profile and transmission profile of an E-Tag.²¹

12. According to CAISO, the current Tariff subsections note that the value and timing of the energy profile is also relevant in assessing the Under/Over Delivery Charge specified in section 11.31. CAISO states that it did not include this cross-reference in the revised section because the cross-reference is unnecessary. However, CAISO reiterates that the omission of the cross-reference does not negate or revoke any aspect of section 11.31, which CAISO explains will continue to apply to scheduling coordinators.²²

¹⁹ *Id.*

²⁰ *Id.* at 7-8.

²¹ *Id.* at 8.

²² *Id.*

13. CAISO states that the revised section 30.5.7.3 addresses intra-hour schedule changes. More specifically, CAISO asserts that if a resource with a HASP Advisory Schedule receives an intra-hour change, a potential increase in the schedule will be limited by the quantity of the transmission profile submitted by the timing cut-off for the relevant 15-minute market interval. CAISO explains that this rule ensures that the 15-minute market will not inadvertently award a quantity above the transmission profile. CAISO emphasizes that scheduling coordinators are responsible for ensuring that any intra-hour change is reflected in an updated energy profile submitted by 20 minutes before the 15-minute market interval. CAISO states that, consistent with existing practice, CAISO will generally make such updates on behalf of the scheduling coordinator, but that the ultimate responsibility to submit accurate E-Tag information remains with the scheduling coordinator.²³

14. CAISO states that revised Tariff section 30.5.7.4 specifies that CAISO has authority to modify the energy profile on an E-Tag to reflect “reliability-related curtailments.” CAISO emphasizes that while each of the current sub-sections of section 30.5.7 contain a statement to this effect, revised section 30.5.7.4 ensures that CAISO maintains this authority.²⁴

15. CAISO seeks waiver of the Commission’s 60-day prior notice requirements under section 35.11 of the Commission’s regulations to permit an effective date of June 27, 2024.²⁵ CAISO asserts that good cause exists to grant this waiver to permit the requested effective date. Further, CAISO states that waiving the Commission’s 60-day prior notice requirement will shorten CAISO’s period of non-compliance and bring CAISO into immediate compliance with the Tariff provisions governing the connection between the submission timeline for E-Tags and eligibility for 15-minute market schedules.²⁶

16. Notice of CAISO’s filing was published in the *Federal Register*, 89 Fed. Reg. 55,255 (July 3, 2024), with interventions and protests due on or before July 17, 2024. None was filed.

²³ *Id.* at 9.

²⁴ *Id.*

²⁵ *Id.* (citing 18 C.F.R. §§ 35.3(a)(1), 35.11) (2023).

²⁶ *Id.* at 9-10.

17. We accept CAISO's proposed Tariff revisions, effective June 27, 2024, as requested.²⁷ We find that the Tariff provisions are just and reasonable and not unduly discriminatory or preferential. Specifically, we agree that CAISO's proposed Tariff revisions will provide greater operational flexibility,²⁸ allow CAISO and its neighboring BAAs the opportunity to make beneficial transfers for the periods covered by the final three 15-minute market intervals of the Trading Hour,²⁹ and better align CAISO's Tariff with NAESB E-Tag rules.³⁰

18. We note that CAISO admits that the gap between the previously approved Tariff language in section 30.5.7 and how the CAISO implemented those provisions resulted in a period of non-compliance with the Tariff.³¹ However, we will exercise our discretion in addressing such matters,³² and, given the facts and the record before us in this matter, take no action with respect to the instances of CAISO's past non-compliance with the Tariff.³³

By direction of the Commission. Commissioner See is not participating.
Commissioner Chang is not participating.

Debbie-Anne A. Reese,
Acting Secretary.

²⁷ We grant waiver of the Commission's 60-day prior notice requirement for good cause shown. 18 C.F.R. § 35.11; *see* Cent. Hudson Gas & Elec. Corp., 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

²⁸ Transmittal at 6.

²⁹ *Id.*

³⁰ *Id.* at 7.

³¹ *Id.* at 5, 9-10.

³² *See, e.g., Niagara Mohawk Power Corp. v. FPC*, 379 F.2d 153, 159 (D.C. Cir. 1967) (“the breadth of agency discretion is, if anything, at zenith when the action assailed relates primarily . . . to the fashioning of policies, remedies and sanctions . . . in order to arrive at maximum effectuation of Congressional objectives”).

³³ 16 U.S.C. § 825h.