

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:  
California Independent System Operator  
Corporation  
Docket No. ER04-835-010

Issued: August 25, 2020

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

Reference: Deficiency Letter on Compliance Filing

On August 28, 2019, the Commission found that it was appropriate for the California Independent System Operator Corporation (CAISO) to assess interest on refunds and resettlements made in connection with this proceeding from July 17, 2004.<sup>1</sup> As a result, the August 2019 Order directed CAISO “to submit a compliance filing within 60 days of the date of this order reflecting the invoices it plans to distribute for interest amounts.”<sup>2</sup>

On October 28, 2019, as amended on March 2, 2020 and March 31, 2020, CAISO submitted its compliance filing in response to the August 2019 Order to reflect its plans to invoice and distribute interest amounts on the earlier resettlement. In the compliance filing, CAISO states that it has calculated \$88.3 million in interest payments for minimum load adjustment costs and an additional \$6 million in interest for start-up costs. CAISO also states that it has provided each market participant with specific details regarding its interest charges and allocations for those amounts.

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 168 FERC ¶ 61,127, at PP 28-29 (2019) (August 2019 Order).

<sup>2</sup> *Id.* P 29.

On May 21, 2020, Commission staff issued a deficiency letter, pursuant to 18 C.F.R. § 375.307 (2019), requesting additional information, to which CAISO responded on June 22, 2020. On July 13, 2020, Shell Energy North America (US), L.P. (Shell) filed comments, and, on July 24, 2020, CAISO submitted an answer to Shell's comments. On July 27, 2020, Shell filed an answer clarifying its comments, and on August 10, 2020, CAISO filed an amended deficiency response to correct certain interest calculations.

Please be advised that your compliance filing is deficient and that additional information is necessary to process your filing. Please provide the information requested below.

1. In its May 6, 2020 Answer, CAISO states that the interest for the reallocated start-up costs totals \$6 million. In its June 22, 2020 Deficiency Response, CAISO provides a table reflecting the interest for the reallocated start-up costs for each market participant, which appears to demonstrate approximately \$3 million in interest. Please explain how CAISO arrived at \$6 million in interest for start-up costs. Please provide any further calculations to reconcile your response with the June 22, 2020 Deficiency Response.
2. In the May 8, 2020 Order Denying Rehearing, the Commission stated that it would address issues related to the accuracy of the resettlement process on compliance.<sup>3</sup> Accordingly, please provide the resettlement principal and interest amount for each market participant.
3. In its original 2013 refund report, CAISO identified a total resettlement, exclusive of interest, in the amount of \$197.6 million. In its amended 2014 refund report, CAISO states that it corrected an error in its resettlement calculations and identified an additional \$22.9 million shift from system and local to zonal cost allocation, resulting in a corrected resettlement amount of \$217 million. As the sum of \$197.6 million and \$22.9 million equals \$220.5 million, please explain and reconcile the difference between your revised stated total of \$217 million and \$220.5 million.

This letter is issued pursuant to 18 C.F.R. § 375.307 (2019) and is interlocutory. This letter is not subject to rehearing pursuant to 18 C.F.R. § 385.713 (2019). A response to this letter must be filed with the Secretary of the Commission within 30 days of the date of this letter.

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<sup>3</sup> *Cal. Indep. Sys. Operator Corp.*, 171 FERC ¶ 61,109, at P 31 (2020).

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The information requested in this letter will constitute an amendment to the filing, and a new filing date will be established, pursuant to *Duke Power Company*, 57 FERC ¶ 61,215 (1991), upon receipt of CAISO's electronic tariff filing. A notice of amendment will be issued upon receipt of the response.

Failure to respond to this deficiency letter within the time period specified, and in the manner directed above, may result in an order rejecting the filing. Until receipt of the amendment filing, a new filing date will not be assigned to this case.

Issued by: Steven T. Wellner, Director - Division of Electric Power Regulation – West

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