

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

BP Energy Retail Company)	
California LLC)	
)	
v.)	Docket No. EL25-21-000
)	
California Independent System)	
Operator Corporation)	

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO COMPLAINT**

The California Independent System Operator Corporation (CAISO) submits its answer to the complaint filed in this proceeding by BP Energy Retail Company California LLC (BP Energy) on November 25, 2024.¹ The complaint appeals tariff-required sanctions of \$182,486.85 related to late revisions of meter data values. BP Energy's complaint does not allege the penalty provisions in the CAISO tariff are inherently unjust or unreasonable or unduly discriminatory or preferential. The CAISO, however, takes no position on the ultimate question of whether the CAISO tariff as applied to BP Energy's unique and specific circumstances has resulted in an outcome for which the Commission may grant equitable relief.

I. Answer

Section 37 of the CAISO tariff, referred to as the CAISO's rules of conduct, establishes various rules for market participant behavior and defines

¹ The CAISO files this answer pursuant to Rule 213 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213.

consequences when market participants do not adhere to those rules.² One rule relates to correcting self-reported meter data values after the correction deadline, which is fifty-two business days after the applicable trading day.³ For each day with late corrections, the CAISO assesses a sanction calculated at the lower of: (a) 30 percent of the value of the error; or (b) \$1,000.⁴ The CAISO has no discretion in assessing this sanction.

In the past several years, the CAISO's meter data penalties have been the subject of significant activity before the Commission.⁵ These proceedings highlighted ways in which the meter data penalty rules created excessive penalties in cases of small but persistent meter data inaccuracies. In response to the issues raised in these proceedings, the CAISO undertook two stakeholder initiatives addressing the rules of conduct. Both initiatives led to tariff amendment filings that proposed revisions to the meter data penalty tariff provisions. In April of this year, the Commission accepted revisions to the

² See CAISO tariff section 37.1.2.

³ CAISO tariff section 37.5.2.1.1.

⁴ CAISO tariff section 37.5.2.2.1.

⁵ See, e.g., *Tacoma Power v. Cal. Indep. Sys. Operator Corp.*, Complaint Appealing Meter Data Penalties, FERC Docket No. EL24-25-000 (Nov. 21, 2023); *Tucson Elec. Power Co. v. Cal. Indep. Sys. Operator Corp.*, Complaint Appealing Meter Data Penalties, FERC Docket No. EL24-15-000 (Nov. 14, 2023); *Tacoma Power v. Cal. Indep. Sys. Operator Corp.*, Complaint Appealing Meter Data Penalties, FERC Docket No. EL24-14-000 (Nov. 13, 2023); *Direct Energy Business, LLC v. Cal. Indep. Sys. Operator Corp.*, Complaint Appealing Meter Data Penalties, FERC Docket No. EL24-11-000 (Nov. 3, 2023); *Tacoma Power v. Cal. Indep. Sys. Operator Corp.*, Complaint Appealing Meter Data Penalties, FERC Docket No. EL23-103-000 (Sep. 27, 2023); *City of Corona, Cal. v. Cal. Indep. Sys. Operator Corp.*, Complaint Appealing Meter Data Penalties, FERC Docket No. EL23-99-000 (Sep. 19, 2023); *Idaho Power Co. v. Cal. Indep. Sys. Operator Corp.*, Complaint Appealing Meter Data Penalties, FERC Docket No. EL23-94-000 (Aug. 29, 2023); *Cal. Indep. Sys. Operator Corp.*, Petition for Limited Waiver, FERC Docket No. ER23-1699-000 (Apr. 24, 2023); *Cal. Indep. Sys. Operator Corp.*, Request for Waiver, FERC Docket No. ER21-395-000 (Nov. 12, 2020).

CAISO's rules of conduct, including an update to the penalty for late meter data revisions from a flat \$1,000 per trading day to the current formulation, which is set at the lower of 30 percent of the value of the error or \$1,000.⁶ In October of this year, the CAISO proposed a second set of changes to its rules of conduct. These changes included a materiality threshold for assessing penalties for late corrections to meter data submissions whereby small corrections are no longer considered violations.⁷ As of the date of this answer, these changes remain pending before the Commission.

Based on the meter data penalty scenarios the CAISO has observed over time, the new penalty formula coupled with the pending materiality threshold appropriately address concerns about the rules of conduct systematically creating disproportionate meter data penalties. BP Energy's complaint raises no fundamental questions about whether the existing or proposed penalty provisions in the CAISO tariff are just and reasonable.

BP Energy is a type of load serving entity called an electric service provider (ESP) under the California Public Utilities Commission's (CPUC) direct access program.⁸ Under the direct access program, an ESP procures electricity for end-use customers within the service territory of one of California's three investor-owned utilities (IOUs). The IOU remains responsible for transmission

⁶ *Cal. Indep. Sys. Operator Corp.*, Letter Order, FERC Docket No. ER24-872-000 (Apr. 2, 2024).

⁷ *Cal. Indep. Sys. Operator Corp.*, Tariff Amendment to Enhance the Rules of Conduct, FERC Docket No. ER25-54-000 (Oct. 8, 2024).

⁸ More information on electric service providers and the direct access program is available at <https://www.cpuc.ca.gov/consumer-support/consumer-programs-and-services/electrical-energy-and-energy-efficiency/community-choice-aggregation-and-direct-access/direct-access>.

and distribution of the energy procured by the ESP, as well as for reading the meters of customers served by the ESP. Because the IOU is responsible for reading customers meters, the ESP relies on the IOU to provide it the meter data that the ESP reports to the CAISO to fulfill its meter data reporting obligations in its role as a load serving entity.

BP Energy asserts the penalties resulted, at least in part, because of data handoff issues with Southern California Edison (SCE), the relevant IOU. The CAISO rules of conduct do not provide a general exemption from meter data penalties where an ESP alleges the IOU's conduct played some role in causing the late meter data revisions. Creating this general exemption would be difficult. Under Commission precedent, rules of conduct penalties need to be based on objectively determined criteria.⁹ It is doubtful the CAISO could create objective standards for assessing fault between the ESP and IOU in all ESP-related meter data penalty matters. This is especially so considering the data transfer occurs under the CPUC's jurisdiction and involves rules the CAISO does not administer.

Nevertheless, if the Commission concludes based on the record before it that the facts asserted in the complaint related to data transfer issues mitigate BP Energy's fault in the late meter data revisions, the CAISO does not object to the Commission granting BP Energy's requested relief. BP Energy's complaint also notes its load is only four-tenths of a percent of total CAISO load and the average resubmission was only 2.4 MW.¹⁰ These factors should not necessarily sway the

⁹ See *Cal. Indep. Sys. Operator Corp.*, 134 FERC ¶ 61,050, PP33-61 (2011); *Wholesale Competition in Regions with Organized Electric Markets*, 125 FERC ¶ 61,071(2008).

¹⁰ BP Energy complaint, at 10.

Commission's consideration of BP's requested relief. Recent and pending amendments to the rules of conduct reflect whether it is appropriate to relieve entities from penalties for correcting small but persistent meter data errors. The CAISO calculated BP Energy's penalties totaling \$182,486.85 based on the new "lower of" penalty formula accepted by the Commission in April 2024. Had the prior penalty of \$1,000 per trading day applied, BP Energy's penalty would have been \$617,000.¹¹ The CAISO did not apply the materiality threshold because that provision is still pending Commission approval. Had the materiality threshold applied, BP Energy's total penalty would have been lower by approximately \$4,500, leaving most of the existing penalty in place.

II. Communications

Under Rule 203(b)(3) of the Commission's Rules of Practice and Procedure, the CAISO respectfully requests that service of all pleadings, documents, and all communications regarding this proceeding be addressed to:

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¹¹ BP Energy reported meter data revisions for 617 trading days (the period December 1, 2021 through August 9, 2023). With a penalty of \$1,000 per day, the total penalty would have been \$617,000.

III. Conclusion

The CAISO does not object to the Commission granting BP Energy's appeal to the extent the Commission finds the data transfer issues with SCE merit relief. Otherwise, the penalties are consistent with the CAISO tariff and appropriate given the magnitude of the meter data revisions at issue.

/s/ David S. Zlotlow

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Dated: December 16, 2024

CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list 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 Folsom, California this 16th day of December, 2024.

/s/ Ariana Rebancos

Ariana Rebancos
An employee of the California ISO