

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Terminus Hydroelectric, LLC)
)
 v.) Docket No. EL26-41-000
)
 California Independent System)
 Operator Corporation)

ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION TO APPEAL OF SANCTIONS

The California Independent System Operator Corporation (CAISO) submits this answer to the tariff waiver filed by Terminus Hydroelectric, LLC (Terminus) on January 16, 2026.¹ Terminus appeals a tariff-required sanction of \$21,000 for failure to maintain telemetry on the Terminus hydroelectric generator (Terminus unit). Terminus argues waiver of this sanction is justified because the CAISO misapplied its tariff and the Terminus unit was on outage when telemetry was interrupted. The CAISO disagrees that either factor supports waiver of its tariff.

I. Background

A. CAISO Rules of Conduct

Section 37 of the CAISO tariff, referred to as the CAISO's rules of conduct, establishes a variety of 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 follow those rules.² One of those rules is in section 37.6.1, which establishes that “all information that is required to be submitted to the CAISO under the CAISO Tariff must be submitted by the specified deadline.” The consequence for a violation is a sanction of “\$500 for each day that the required information is late.”³

When the CAISO has reason to believe a rules of conduct violation may have occurred, it issues the scheduling coordinator and relevant market participant a notice of review. The notice of review provides a “description of the potential violation and provides an opportunity to respond to the CAISO with any issues of fact or other information relevant to the potential Rules of Conduct violation being investigated.”⁴ After reviewing any response to the notice of review, the CAISO issues a results of review notice. This second notice provides the outcome of the investigation and, if there is a violation, states the applicable sanctions.⁵

The CAISO does not have discretion to deviate from the tariff-defined sanctions based on extenuating circumstances. Under tariff section 37.8.10 penalized parties “may appeal the CAISO’s conclusion to FERC by submitting a waiver request.” That allows them to seek more review of the CAISO’s conclusions or to explain why the sanctions are unreasonable based on the specific circumstances.

² See CAISO tariff section 37.1.2.

³ CAISO tariff section 37.6.1.2.

⁴ CAISO tariff section 37.8.4.

⁵ CAISO tariff section 37.8.5.

B. CAISO Telemetry Requirements

Section 7.6.1(d) of the CAISO tariff requires generators to provide telemetry to the CAISO of resource operating data to ensure “the CAISO will have the ability, consistent with this CAISO Tariff, to direct the operations of the Generator as necessary to maintain the reliability of the CAISO Controlled Grid.” Generators telemeter their data to the CAISO’s energy management system (EMS) using a piece of equipment called a remote intelligent gateway (RIG). Ensuring that RIGs are functioning properly so that EMS has timely, correct, and complete data from generators is important to maintaining grid reliability.

Temporary issues with a resource’s RIG can interrupt the flow of data to the CAISO. Section 8.4 of the CAISO’s Business Practice Manual for Direct Telemetry (Direct Telemetry BPM) outlines procedures a generator can follow to ask for a temporary exemption from the tariff’s telemetry requirements. The Direct Telemetry BPM is clear that the CAISO’s grant of “an exemption is not guaranteed.”⁶

The Direct Telemetry BPM also explains “[f]ailure to resolve the telemetry issue by the end of an accepted telemetry exemption period, or to submit a telemetry exemption request or telemetry data as per the guidelines documented in this BPM section will result in a Rules of Conduct violation . . .”⁷ The Direct Telemetry BPM establishes processes for invoking penalties under section 37.6.1 for telemetry failures. When the CAISO learns of either unavailable or poor-

⁶ Direct Telemetry BPM, section 8.4.

⁷ *Id.*

quality data, the CAISO contacts the resource owner and its scheduling coordinator and provides either a five-day deadline (for resources above 45 MW) or a 14-day deadline (for resources below 45 MW) to restore telemetry or ask for an exemption. The per-day penalties under section 37.6.1 begin accruing if that deadline is not met. Section 8.4.2 of the Direct Telemetry BPM also states “[r]esolution of the telemetry issue will be considered complete when the telemetry data in question has been received in good quality for (72) consecutive hours.” The 72-hour requirement is important because when generators experience telemetry issues, data transmission can be intermittent. The RIG may transmit quality data for a short period only for the CAISO to see problems soon recur. Requiring 72 hours of quality data provides greater assurance that the issues have been addressed fully.⁸

C. Terminus Appeal of Telemetry Sanctions

On December 18, 2025, the CAISO issued Terminus a results of review notice stating Terminus was subject to a \$21,000 sanction for failure to maintain telemetry on the Terminus unit. This figure reflected a \$500 per day sanction for the 42 days—September 23, 2025 through November 4, 2025—Terminus was out of compliance. Terminus appealed the sanction in its January 16 filing, raising two principal arguments.

First, Terminus asserts the CAISO calculated the \$21,000 sanction incorrectly. Terminus contends the Terminus unit experienced two distinct

⁸ The BPM also makes clear that if the unit provides 72 hours of quality data, then compliance is deemed restored at the start of the 72-hour period. Enforcing this period does not artificially shorten the compliance timeline by three days.

periods with telemetry issues during fall 2025. Per Terminus, the first set of issues had a resolution deadline of September 23, 2025 and the second set of issues had a resolution deadline of October 29, 2025. Terminus claims the first set of issues was resolved before the September 23 deadline and the second set resolved on November 4, 2025. Based on this timeline, Terminus argues it was non-compliant for at most six days, which would translate to a penalty of \$3,000.

Second, Terminus emphasizes the Terminus unit has been on a seasonal outage throughout the fall period due to water limitations. Because that outage was reported to the CAISO through the standard outage management process, Terminus argues “the interruptions in telemetry would have had no operational impact to CAISO and no market impact to CAISO or other participants.”⁹

II. Answer

The CAISO disagrees with the two main arguments Terminus offers supporting its appeal.

The CAISO correctly applied its tariff because the record shows a single, continuous period of telemetry non-compliance, rather than two periods. The CAISO told Terminus on September 3, 2025 that the Terminus unit was experiencing telemetry failures and set a September 23 deadline to restore compliant telemetry. Terminus did not meet that deadline, did not request an exemption, and did not return to compliance until November 4, 2025. Terminus notes in its filing that the CAISO advised it by telephone on September 11, 2025

⁹ January 16 filing, at 4.

that replacement of a network switch resolved the telemetry issues.¹⁰ However, that work did not result in the required 72 hours of quality telemetry data, as specified in section 8.4.2 of the Direct Telemetry BPM. That point would have been reasonably discernable by Terminus because, as indicated in confidential Attachment A to this answer, the CAISO told Terminus on September 23, 2025 that telemetry still had not been restored.¹¹

The CAISO addressed the relevance of a generator outage on the imposition of telemetry sanctions less than two months ago in another telemetry sanction appeal involving two 1 MW generators owned by Yolo County, California (Yolo).¹² In that matter, the CAISO explained that outage reporting and telemetry obligations are distinct and not interchangeable.¹³ The CAISO tariff and business processes largely treat the outage reporting and telemetry exemption process separately. The CAISO does not support a general rule that having a generation outage automatically relieves a generator of its obligation to maintain accurate telemetry. Even with a unit in a non-operating status, having

¹⁰ Note that the September 16, 2025 e-mail Terminus provided as Exhibit 2 to its January 16 filing related solely to the metering communication failures the Terminus unit was experiencing throughout fall 2025. Those separate metering problems are distinct from the telemetry failures, the penalties for which are the subject of this proceeding.

¹¹ The notice advised Terminus to disregard if the issue has been confirmed as resolved by the CAISO or a telemetry exemption request already has been submitted. Conceivably the September 11 phone conversation could have led Terminus to believe the notice did not apply to them. Terminus, however, did not raise this issue in its January 16 filing and nothing in the record suggests Terminus interpreted the CAISO's September 23 e-mail in this way. The CAISO seeks confidential treatment of the attachment because it contains personal contact information of several individuals. Attachment B is a form protective agreement the CAISO is prepared to execute with any entity on the official service list.

¹² *County of Yolo, California v. Cal. Independ. Sys. Operator Corp.*, Answer of the California Indep. Sys. Operator to Complaint, FERC Docket No. EL26-28-000 (Dec. 11, 2025).

¹³ *Id.* at 12.

accurate and functional telemetry can be important. A unit on outage also potentially can send inaccurate telemetry data suggesting the unit is operating even if it is not. Administering a blanket exemption rule also would not be feasible given the transitory nature of many outages.¹⁴

A generation outage, on its own, does not support waiver of telemetry penalties. The CAISO acknowledged in the Yolo matter that the Commission reasonably could find the penalties are disproportionate to the specific conduct at issue in that proceeding.¹⁵ Here, the Terminus unit is approximately 20 times larger than the two units in Yolo's appeal and the nature of the outages are different. The outage on the Terminus unit is based on seasonal water flows, which suggests it could return to service at short notice based on weather. The Yolo units have been on outage due to wildfire damage requiring significant repairs. Based on the facts and circumstances presented by this appeal, the CAISO does not believe the Yolo appeal is comparable.

III. 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:

¹⁴ *Id.*

¹⁵ *Id.* at 19.

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250 Outcropping Way
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IV. Conclusion

The CAISO disagrees with the two primary arguments Terminus raises supporting its appeal of sanctions called for under the CAISO tariff. The CAISO does not agree that it calculated the penalty incorrectly. Neither does it agree that the Terminus unit being on outage justifies removing the sanctions.

/s/ David S. Zlotlow

Roger E. Collanton
General Counsel
Anthony Ivancovich
Deputy General Counsel
Andrew Ulmer
Assistant General Counsel
David S. Zlotlow
Lead Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Counsel for the California Independent
System Operator

Dated: February 5, 2026

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 5th day of February, 2026.

/s/ Ariana Rebancos
Ariana Rebancos
An employee of the California ISO

Attachment A

**Answer of the California Independent System Operator Corporation to Appeal of
Sanctions**

Terminus Hydroelectric, LLC v. CAISO

EL26-41

February 5, 2026

[ATTACHMENT CONSISTS OF PRIVILEGED MATERIAL REDACTED

PURSUANT TO 18 C.F.R. § 388.112]

Attachment B

**Answer of the California Independent System Operator Corporation to Appeal of
Sanctions**

Terminus Hydroelectric, LLC v. CAISO

EL26-41

February 5, 2026

Form Protective Agreement

PROTECTIVE AGREEMENT

This Protective Agreement (“Agreement”) is entered into this _____ day of _____, 2026 by and between the California Independent System Operator Corporation (“CAISO”) and _____ (“Intervenor”), or *vice versa*, in connection with the proceeding before the Federal Energy Regulatory Commission (the “Commission”) in Docket No. _____. The CAISO and Intervenor are sometimes referred to as herein individually as a “Party” or jointly as the “Parties.”

1. The CAISO filed Protected Materials in the above-referenced Commission proceeding and Intervenor is a Participant in such proceeding, as the term Participant is defined in 18 C.F.R. Section 385.102(b), or has filed a motion to intervene or a notice of intervention in such proceeding. The CAISO and Intervenor enter into this Agreement in accordance with their respective rights and obligations set forth in 18 C.F.R. Section 388.112(b)(2). Notwithstanding any order terminating such proceeding, this Agreement shall remain in effect until specifically modified or terminated by the Commission or court of competent jurisdiction.
2. This Agreement applies to the following two categories of Protected Materials: (A) a Party may designate as protected those materials which customarily are treated by that Party as sensitive or proprietary, which are not available to the public, and which, if disclosed freely, would subject that Party or its customers to risk of competitive disadvantage or other business injury; and (B) a Party shall designate as protected those materials which contain privileged trade secret, commercial and financial information, as defined in 18 C.F.R. Section 388.107.
3. Definitions – For purposes of this Agreement:

(a) (1) The term “Protected Materials” means (A) materials provided by a Party in association with this proceeding and designated by such Party as protected; (B) any information contained in or obtained from such designated materials; (C) notes of Protected Materials; and (D) copies of Protected Materials. The Party producing the Protected Materials shall physically mark them on each page as “PROTECTED MATERIALS” or with words of similar import as long as the term “Protected Materials” is included in that designation to indicate that they are Protected Materials. If the Protected Materials contain Critical Energy Infrastructure Information, the Party producing such information shall additionally mark on each page containing such information the words “Contains Critical Energy Infrastructure Information – Do Not Release.”

(2) The term “Notes of Protected Materials” means memoranda, handwritten notes, or any other form of information (including electronic form) which copies or discloses materials described in Paragraph 3(a)(1). Notes of Protected Materials are subject to the same restrictions provided in this Agreement for Protected Materials except as specifically provided in this Agreement.

(3) Protected Materials shall not include (A) any information or document contained in the publicly-available files of the Commission or of any other federal or state agency, or any federal or state court, unless the information or document has been determined to be protected by such agency or court, or (B) information that is public knowledge, or which

becomes public knowledge, other than through disclosure in violation of this Agreement, or (C) any information or document labeled as “Non-Internet Public” by a Party, in accordance with Paragraph 30 of FERC Order No. 630, FERC Stats. & Regs. ¶ 31,140 (2003). Protected Materials do include any information or documents contained in the files of the Commission that has been designated as Critical Energy Infrastructure Information.

(b) The term “Non-Disclosure Certificate” shall mean the certificate annexed hereto by which Reviewing Representatives who have been granted access to Protected Materials shall certify their understanding that such access to Protected Materials is provided pursuant to the terms and restrictions of this Agreement, and that they have read the Agreement and agree to be bound by it. Each Party shall provide a copy of the Non-Disclosure Certificate(s) executed by its Reviewing Representative(s) to the other Party prior to such Reviewing Representative(s) receiving access to any Protected Materials.

(c) The term “Reviewing Representative” shall mean a person who has signed a Non-Disclosure Certificate and who is:

- (1) an attorney retained by a Party for purposes of this proceeding;
- (2) attorneys, paralegals, and other employees associated for purposes of this proceeding with an attorney described in Paragraph (3)(c)(1);
- (3) an expert or employee of an expert retained by a Party for the purpose of advising, preparing or testifying in this proceeding;
- (4) a person designated as a Reviewing Representative by order of the Commission; or
- (5) employees or other representatives of a Party with significant responsibility for matters involving this proceeding.

4. Protected Materials shall be made available under the terms of this Agreement only to Parties and only through their Reviewing Representative(s) as provided in Paragraphs 7-9.

5. Protected Materials shall remain available to a Party until the later of the date that an order terminating this proceeding becomes no longer subject to judicial review, or the date that any other Commission proceeding relating to the Protected Material is concluded and no longer subject to judicial review. If requested to do so in writing after that date, the Party shall, within fifteen days of such request, return the Protected Materials (excluding Notes of Protected Materials) to the Party that produced them, or shall destroy the materials, except that copies of filings, official transcripts and exhibits in this proceeding that contain Protected Materials, and Notes of Protected Materials may be retained, if they are maintained in accordance with Paragraph 6, below. Within such time period the Party, if requested to do so, shall also submit to the producing Party an affidavit stating that, to the best of its knowledge, all Protected Materials and all Notes of Protected Materials have been returned or have been destroyed or will be

maintained in accordance with Paragraph 6. To the extent Protected Materials are not returned or destroyed, they shall remain subject to this Agreement.

6. All Protected Materials shall be maintained by the Party in a secure place. Access to those materials shall be limited to those Reviewing Representatives specifically authorized pursuant to Paragraphs 8-9.

7. Protected Materials shall be treated as confidential by the Party and its Reviewing Representative(s) in accordance with the certificate executed pursuant to Paragraph 9. Protected Materials shall not be used except as necessary for the conduct of this proceeding, nor shall they be disclosed in any manner to any person except a Reviewing Representative who is engaged in the conduct of this proceeding and who needs to know the information in order to carry out that person's responsibilities in this proceeding. Reviewing Representatives may make copies of Protected Materials, but such copies become Protected Materials. Reviewing Representatives may make notes of Protected Materials, which shall be treated as Notes of Protected Materials if they disclose the contents of Protected Materials.

8. (a) If a Reviewing Representative's scope of employment includes the marketing of energy or the buying or selling of generating assets, the direct supervision of any employee or employees whose duties include the foregoing, the provision of consulting services to any person whose duties include the foregoing, or the direct supervision of any employee or employees whose duties include the foregoing, such Reviewing Representative may not use information contained in any Protected Materials obtained through this proceeding to give any Party or any competitor of any Party a commercial advantage.

(b) In the event that a Party wishes to designate as a Reviewing Representative a person not described in Paragraph 3(c) above, the Party shall seek agreement from the Party providing the Protected Materials. If an agreement is reached that person shall be a Reviewing Representative pursuant to Paragraphs 3(c) above with respect to those materials. If no agreement is reached, the Party shall submit the disputed designation to the Commission for resolution.

9. (a) A Reviewing Representative shall not be permitted to inspect, participate in discussions regarding, or otherwise be permitted access to Protected Materials pursuant to this Agreement unless that Reviewing Representative has first executed a Non-Disclosure Certificate; provided, that if an attorney qualified as a Reviewing Representative has executed such a certificate, the paralegals, secretarial and clerical personnel under the attorney's instruction, supervision or control need not do so. A copy of each Non-Disclosure Certificate shall be provided to counsel for the Party asserting confidentiality prior to disclosure of any Protected Material to that Reviewing Representative.

(b) Attorneys qualified as Reviewing Representatives are responsible for ensuring that persons under their supervision or control comply with this Agreement.

10. Any Reviewing Representative may disclose Protected Materials to any other Reviewing Representative as long as the disclosing Reviewing Representative and the receiving Reviewing Representative both have executed a Non-Disclosure Certificate. In the event that any Reviewing

Representative to whom the Protected Materials are disclosed ceases to be engaged in these proceedings, or is employed or retained for a position whose occupant is not qualified to be a Reviewing Representative under Paragraph 3(c), access to Protected Materials by that person shall be terminated. Even if no longer engaged in this proceeding, every person who has executed a Non-Disclosure Certificate shall continue to be bound by the provisions of this Agreement and the certification.

11. Subject to Paragraph 17, the Commission shall resolve any disputes arising under this Agreement. Prior to presenting any dispute under this Agreement to the Commission, the Parties shall use their best efforts to resolve it. If a Party contests the designation of materials as protected, it shall notify the Party that provided the Protected Materials by specifying in writing the materials whose designation is contested. This Agreement shall automatically cease to apply to such materials five (5) business days after the notification is made unless the Party, within said 5-day period, files a motion with the Commission, with supporting affidavits, demonstrating that the materials should continue to be protected. In any challenge to the designation of materials as protected, the burden of proof shall be on the Party seeking protection. If the Commission finds that the materials at issue are not entitled to protection, the procedures of Paragraph 17 shall apply. The procedures described above shall not apply to Protected Materials designated by a Party as Critical Energy Infrastructure Information. Materials so designated shall remain protected and subject to the provisions of this Agreement unless a Party requests and obtains a determination from the Commission's Critical Energy Infrastructure Information Coordinator that such materials need not remain protected.

12. All copies of all documents reflecting Protected Materials, including the portion of any hearing testimony, exhibits, transcripts, briefs and other documents which refer to Protected Materials, shall be filed and served in sealed envelopes or by other appropriate means endorsed to the effect that they are protected pursuant to this Agreement. Such documents shall be marked "PROTECTED MATERIALS" and shall be filed under seal and served under seal upon the Commission and all Reviewing Representatives who are on the service list. Such documents containing Critical Energy Infrastructure Information shall be additionally marked "Contains Critical Energy Infrastructure Information – Do Not Release." For anything filed under seal, redacted versions or, where an entire document is protected, a letter indicating such, will also be filed with the Commission and served on all parties on the service list. Counsel for the producing Party shall, upon the request of a Party, provide a list of Reviewing Representatives who are entitled to receive such material. Counsel shall take all reasonable precautions necessary to assure that Protected Materials are not distributed to unauthorized persons. If any Party desires to include, utilize or refer to any Protected Materials or information derived therefrom in pleadings, testimony or exhibits to these proceedings in such a manner that might require disclosure of such material to persons other than Reviewing Representatives, such Party shall first notify both counsel for the disclosing Party and the Commission of such desire, identifying with particularity each of the Protected Materials. Thereafter, use of such Protected Materials will be governed by procedures determined by the Commission.

13. Nothing in this Agreement shall be construed as precluding any Party from objecting to the use of Protected Materials on any legal grounds.

14. Nothing in this Agreement shall preclude any Party from requesting the Commission or any other body having appropriate authority to find that this Agreement should not apply to all or any materials previously designated as Protected Materials pursuant to this Agreement. The Commission may alter or amend this Agreement as circumstances warrant at any time during the course of this proceeding.

15. The Parties may amend this Agreement only by mutual consent and in writing, provided, however, that a Party has the right to seek changes to this Agreement as appropriate from the Commission.

16. All Protected Materials filed with the Commission, or any other judicial or administrative body, in support of, or as a part of, a motion, other pleading, brief, or other document, shall be filed and served in sealed envelopes or by other appropriate means bearing prominent markings indicating that the contents include Protected Materials subject to this Agreement. Such documents containing Critical Energy Infrastructure Information shall be additionally marked "Contains Critical Energy Infrastructure Information – Do Not Release."

17. If the Commission finds at any time in the course of this proceeding that all or part of the Protected Materials need not be protected, those materials shall, nevertheless, be subject to the protection afforded by this Agreement for three (3) business days from the date of issuance of the Commission's decision, and if the Party seeking protection files an interlocutory appeal or requests that the issue be certified to the Commission, for an additional seven (7) business days. No Party waives its rights to seek additional administrative or judicial remedies after the Commission's decision respecting Protected Materials or Reviewing Representatives, or the Commission's denial of any appeal thereof. The provisions of 18 C.F.R. Sections 388.112 and 388.113 shall apply to any requests for Protected Materials in the files of the Commission under the Freedom of Information Act (5 U.S.C. § 552).

18. Nothing in this Agreement shall be deemed to preclude either Party from independently seeking through discovery in any other administrative or judicial proceeding information or materials produced in this proceeding under this Agreement.

19. Neither Party waives the right to pursue any other legal or equitable remedies that may be available in the event of actual anticipated disclosure of Protected Materials.

20. The contents of Protected Materials or any other form of information that copies or discloses Protected Materials shall not be disclosed to anyone other than in accordance with this Agreement and shall be used only in connection with this proceeding. Any violation of this Agreement and of any Non-Disclosure Certificate executed hereunder shall constitute a violation of an order of the Commission.

IN WITNESS WHEREOF, the Parties each have caused this Protective Agreement to be signed by their respective duly authorized representatives as of the date first set forth above.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Representing CAISO

Representing Intervenor

NON-DISCLOSURE CERTIFICATE

I hereby certify my understanding that access to Protected Materials is provided to me pursuant to the terms and restrictions of the Protective Agreement dated _____, 2018 by and between the CAISO and _____ concerning materials in Federal Energy Regulatory Commission Docket No. _____, that I have been given a copy of and have read the Protective Agreement, and that I agree to be bound by it. I understand that the contents of the Protected Materials, any notes or other memoranda, or any other form of information that copies or discloses Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Agreement. I acknowledge that a violation of this certificate constitutes a violation of an order of the Federal Energy Regulatory Commission.

By: _____

Name: _____

Title: _____

Representing: _____