

170 FERC ¶ 61,184
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 6, 2020

In Reply Refer To:
California Independent System Operator
Corporation
Docket No. ER20-179-000

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

Attention: David S. Zlotlow

Dear Mr. Zlotlow:

1. On October 23, 2019, the California Independent System Operator Corporation (CAISO) submitted, pursuant to Rule 207 of the Commission's Rules of Practice and Procedure¹ and Section 37.9.4 of the CAISO tariff, a petition seeking Commission approval to distribute the penalty proceeds collected for violations of CAISO's Rules of Conduct, certain nonrefundable study deposits stemming from interconnection projects, and proceeds to correct non-refundable study deposit distribution and allocation errors. As discussed below, we grant CAISO's petition.²

2. CAISO explains that the Rules of Conduct and related provisions set forth in Section 37 of its tariff require it to collect penalties and to deposit such amounts into an interest-bearing trust account. CAISO states that, after the end of each calendar year, it allocates these proceeds, with accrued interest, to the scheduling coordinators of eligible market participants in accordance with the formula set forth in Section 37.9.4 of its tariff. CAISO states that the formula is based on the product of: (a) the amount in the trust account, including interest; and (b) the ratio of the grid management charge payments by each scheduling coordinator on behalf of eligible market participants to the total grid management charge payments by all scheduling coordinators.³ Further, CAISO

¹ 18 C.F.R. § 385.207 (2019).

² CAISO Petition at 1 (Petition).

³ *Id.* at 2-3.

explains that it must obtain the Commission's approval to distribute the penalty proceeds prior to any disbursement.⁴

3. CAISO also explains that the wholesale distribution tariff for Southern California Edison Company (SoCal Edison) requires interconnection study deposits not reimbursed to the interconnection customer or otherwise applied to interconnection study costs be remitted to CAISO.⁵ Pursuant to CAISO tariff Appendix DD, Section 7.6, those funds are to be handled pursuant to CAISO tariff Section 37.9.4.⁶

4. In the instant Petition, CAISO seeks approval to distribute the proceeds from penalties assessed during the 2018 calendar year, plus accrued interest. In Attachment A of its petition, CAISO sets forth the calculation of each scheduling coordinator's share of the penalty proceeds.⁷ CAISO states that it assessed \$861,000 in penalties for 2018. CAISO explains that, once it receives Commission approval to distribute the penalty proceeds, the final interest amount will be recalculated to correspond to the actual day on which the distribution will occur.⁸

5. CAISO also seeks approval to distribute interconnection study funds for the period from January 2018 through June 2018. CAISO states that Attachment C of its filing sets forth the calculation for SoCal Edison's interconnection funds.⁹ CAISO notes that it calculated the allocation based on the *pro rata* share of the grid management charge payments made by scheduling coordinators, without accounting for whether a scheduling coordinator was assessed a financial penalty under Section 37 of its tariff during the relevant calendar year, consistent with its past practices. CAISO states that the total interconnection funds are \$503,524.23 for the second half of 2018.¹⁰ CAISO explains that, similar to the distribution of penalty revenues, once it receives Commission approval

⁴ *Id.* at 3 (citing CAISO, eTariff, Section 37.9.4 Disposition of Proceeds (1.0.0)).

⁵ *Id.* at 5.

⁶ *Id.*

⁷ *Id.* at 4.

⁸ *Id.* at 3.

⁹ *Id.* at 7.

¹⁰ *Id.*

to distribute the interconnection study funds, the final interest amount will be recalculated to correspond to the actual day on which the distribution will occur.¹¹

6. CAISO also seeks approval to correct errors made in the distribution of 2017 interconnection study funds, for the period from January 2017 through June 2017. CAISO states that while preparing the 2018 interconnection study fund distribution part of this filing for approval, it discovered an error in the previously approved interconnection study fund distribution for calendar year 2017. CAISO explains that the pool of interconnection study funds it proposed for distribution in calendar year 2017 inadvertently include interconnection study funds for the 12-month period from July 2017 through June 2018, instead of the twelve month period from January 2017 through December 2017.¹² As a result, CAISO declares that it did not distribute \$42,000 in interconnection study funds received for the first half of 2017. CAISO states that Attachment B of its filing sets forth the calculation of the interconnection study funds for January 2017 through June 2017.¹³ CAISO asserts that once it receives Commission approval to distribute the proposed interconnection study funds, the final interest amount will be recalculated to correspond to the actual day the distribution will occur and each scheduling coordinator's total allocation of principal and interest will be distributed for the first half of 2017 and the second half of 2018 as one lump sum on a single trade date.¹⁴

7. Finally, CAISO seeks approval to correct errors made in the allocation of interconnection study funds for the period from January 2018 through June 2018. CAISO states while preparing this filing, it also discovered it prematurely distributed \$465,000 in interconnection study funds for the first half of 2018. CAISO explains that although the interconnection study fund amount was calculated correctly for the period, the interconnection study fund allocation was calculated erroneously because grid management charges from 2017 were used instead of from 2018.¹⁵ In Attachment D of its Petition, CAISO sets forth the calculation of the appropriate allocation of the interconnection study proceeds and details the impact to each scheduling coordinator. CAISO states that upon Commission approval to correct the interconnection study fund allocations, CAISO will reflect the corrections on either the nine-month or 18-month

¹¹ *Id.*

¹² *Id.* at 6.

¹³ *Id.* at 7.

¹⁴ *Id.*

¹⁵ *Id.*

recalculation settlement statement for March 25, 2019, the trade date on which CAISO initially distributed the interconnection study funds for calendar year 2017.

8. Notice of CAISO's filing was published in the *Federal Register*, 84 Fed. Reg. 58,148 (Oct. 30, 2019), with interventions and protests due on or before November 13, 2019. SoCal Edison submitted a timely motion to intervene and favorable comments supporting CAISO's petition. No other comments or protests addressing the merits of CAISO's filing were filed. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), SoCal Edison's timely, unopposed motion to intervene serves to make it a party to this proceeding.

9. We find that CAISO's proposal to distribute penalty proceeds to scheduling coordinators, as stated in Attachment A of its Petition, appears to be just and reasonable, and has not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. The methodology in CAISO's proposal is consistent with the relevant provisions in its tariff for allocating and distributing penalty proceeds to scheduling coordinators. Therefore, in accordance with Section 37.9 of CAISO's tariff and consistent with prior Commission orders on similar petitions filed by CAISO,¹⁶ we grant CAISO's petition to distribute penalty proceeds as set forth in Attachment A of the Petition, subject to CAISO's final interest calculation.

10. We also find that CAISO's proposals to distribute interconnection study proceeds and to correct errors in the interconnection study proceed allocations for the aforementioned periods between January 2017 through December 2018, as stated in Attachments B, C, and D of its Petition, appear to be just and reasonable, and have not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. The methodologies in CAISO's proposal are consistent with Section 37.9 of CAISO's tariff (i.e., the distribution is in proportion to the share of the grid management charge), with an exception noted by CAISO (i.e., not accounting for whether a scheduling coordinator was assessed a financial penalty under Section 37 of its tariff during the relevant calendar year). Also, our decision to grant CAISO's petition here is consistent with the Commission's disposition of prior CAISO filings where it proposed to distribute forfeited interconnection study funds, with interest, pursuant to tariff Section 37.9 without accounting for whether or not a scheduling coordinator had been assessed a financial penalty under Section 37 of the tariff during the relevant

¹⁶ See *Cal. Indep. Sys. Operator Corp.*, 157 FERC ¶ 61,220 (2016); *Cal. Indep. Sys. Operator Corp.*, 154 FERC ¶ 61,127 (2016); *Cal. Indep. Sys. Operator Corp.*, 151 FERC ¶ 61,099 (2015); *Cal. Indep. Sys. Operator Corp.*, 145 FERC ¶ 61,222 (2013).

calendar year.¹⁷ Therefore, in accordance with Section 37.9 of CAISO's tariff, we grant CAISO's petition to distribute interconnection study proceeds and correct errors in the allocation of interconnection study proceeds, as set forth in Attachments B, C, and D of its Petition, subject to CAISO's final interest calculation.

By direction of the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁷ See *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,272 (2014); *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,231, at PP 25-29 (2014).