

155 FERC ¶ 61,216
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

May 31, 2016

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER15-1825-006

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

Attn: David S. Zlotlow

Reference: Request for Waiver

Dear Mr. Zlotlow:

1. On May 17, 2016, the California Independent System Operator Corporation (CAISO) filed a petition for limited tariff waiver (Petition) to further modify the effective date of tariff provisions implementing Phase 1A of its two-phase reliability services initiative (RSI) accepted in the Commission's October 1, 2015 order¹ and extended in two recent Commission orders.² Specifically, CAISO seeks to extend the effective date of those tariff revisions from June 1, 2016 to November 1, 2016.

2. In the Petition, CAISO states that it will not be able to implement the RSI provisions by June 1, 2016, and that good cause exists to grant its requested waiver.³

¹ *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,002 (2015) (Reliability Services Order).

² *See Cal. Indep. Sys. Operator Corp.*, 155 FERC ¶ 61,116 (2016) (April 2016 Order); *Cal. Indep. Sys. Operator Corp.*, 154 FERC ¶ 61,131 (2016).

³ CAISO also filed, on May 17, 2016 in Docket No. ER16-897-004, a petition for waiver to similarly delay the effective date of its new Capacity Procurement Mechanism to November 1, 2016. In a concurrently issued order, the Commission grants that petition.

CAISO states that the waiver is of limited scope because it will apply until November 1, 2016. CAISO asserts that the waiver will remedy the concrete problem that the CAISO will not be able to effectively implement the tariff provisions in question by June 1, 2016, because of the need for additional testing and time to address any software variances highlighted through that testing.⁴ CAISO states that it is requesting the tariff amendments because it was not able to run the necessary market simulation scenarios in May. Given the delays in the market simulation procedures to date, CAISO will not be able to implement the RSI tariff provisions on June 1, 2016. CAISO states that it is requesting a delay until November 1, 2016 because, for operational reasons, it does not want to begin implementation during the months of August, September, or October.⁵ CAISO further states that the waiver will not have undesirable consequences, because granting the waiver merely would maintain the status quo for a relatively brief period of time while the CAISO and its market participants undertake the necessary rounds of market simulation and other final pre-implementation steps.⁶

3. Notice of CAISO's Petition was published in the *Federal Register*, 81 Fed. Reg. 32,744, with protests and interventions due on or before May 24, 2016. None were filed.

4. The Commission has granted waiver of tariff provisions where: (1) the applicant acted in good faith; (2) the waiver is of limited scope; (3) the waiver addresses a concrete problem; and (4) the waiver does not have undesirable consequences, such as harming third parties.⁷ We find that CAISO's Petition for waiver to delay the effective date of its new RSI tariff provisions to November 1, 2016 satisfies the foregoing criteria. First, based on CAISO's representations, we find that CAISO has acted in good faith in its efforts to ensure that software implementation issues are resolved before the RSI tariff provisions go into effect. Second, we find that CAISO's request at issue here is limited in scope, because it will apply for five months and retains the status quo during this limited period. Third, we find that this waiver addresses the concrete problem that CAISO cannot effectively implement the tariff revisions by June 1, 2016 due to ongoing software and implementation problems. Fourth, we find that CAISO's request for waiver will prevent undesirable consequences by ensuring that CAISO has sufficient time to ensure that its market participants receive a robust market simulation environment and that the new RSI tariff provisions are ready for implementation. For these reasons, we grant

⁴ Petition at 7.

⁵ *Id.* at 6.

⁶ *Id.* at 7-8.

⁷ See, e.g., *Midcontinent Indep. Sys. Operator, Inc.*, 154 FERC ¶ 61,059, at P 14 (2016); *Calpine Energy Serv., LP*, 154 FERC ¶ 61,082, at P 12 (2016); *New York Power Auth.*, 152 FERC ¶ 61,058, at P 22 (2015).

CAISO's petition, as discussed herein. We direct CAISO to reflect the revised November 1, 2016 effective date in its tariff in a compliance filing within 15 days of this order.⁸

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁸ We note that CAISO's compliance filing in response to the April 2016 Order is currently pending before the Commission, and CAISO may want to consider withdrawing that filing in light of the Commission's actions here.