

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

Direct Energy Business, LLC,	)	
	)	
v.	)	Docket No. EL24-11-000
	)	
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 Direct Energy Business, LLC (Direct Energy) on November 3, 2023.<sup>1</sup> The complaint appeals a tariff-required sanction of \$825,000 related to late revisions of meter data values. The CAISO supports Direct Energy’s request for dismissing the \$825,000 sanction because assessing this sanction is inequitable based on the facts in Direct Energy’s complaint.

**I. Answer**

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 consequences when market participants do not adhere to those rules.<sup>2</sup> 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.<sup>3</sup> The CAISO

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<sup>1</sup> 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.

<sup>2</sup> See CAISO tariff section 37.1.2.

<sup>3</sup> CAISO tariff section 37.5.2.1.

assesses a sanction of \$1,000 for each trading day with late corrections.<sup>4</sup> The CAISO does not have discretion as to whether or not to assess this sanction.

Direct Energy asserts that the \$825,000 sanction is excessive. The CAISO agrees. The CAISO already has acknowledged the current tariff can result in excessive penalties.<sup>5</sup> Direct Energy's sanction is at the extreme end of sanctions assessed for relatively minor and inadvertent, but long-lasting metering errors. Direct Energy's filing also explains its late meter data corrections were caused by data transfer issues with the meter data management agent that provided the data under California Public Utilities Commission rules. This factor weighs in favor of granting Direct Energy's requested relief.

The CAISO opened the Rules of Conduct Enhancements stakeholder initiative in May 2023 to address a variety of rules of conduct issues, including the potential for excessive penalties for long-duration but relatively low-impact errors.<sup>6</sup> The CAISO expects to submit tariff revisions to the Commission in connection with this initiative next month. Until those rule changes are evaluated by the Commission, the CAISO supports relief for parties such as Direct Energy that have established they are exposed to inequitable penalties under the existing tariff rules.

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<sup>4</sup> CAISO tariff sections 37.11.1 & 37.11.2.

<sup>5</sup> *Cal. Indep. Sys. Operator Corp.*, Request for Waiver, FERC Docket No. ER23-1699-000 (Apr. 24, 2023) (April 2023 Waiver); *Cal. Indep. Sys. Operator Corp.*, Request for Waiver, FERC Docket No. ER21-395-000 (Nov. 12, 2020) (November 2020 Waiver).

<sup>6</sup> Phase 1 of the initiative received joint approval from the CAISO Board of Governors and the Western Energy Imbalance Market Governing Body on September 20, 2023. Information about the stakeholder initiative is available at:

<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Rules-of-conduct-enhancements>.

## 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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California Independent System  
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## III. Conclusion

The CAISO supports Direct Energy's request to excuse the \$825,000 meter data sanction at issue in this proceeding because Direct Energy has demonstrated the penalty as applied in their circumstances is excessive.

**/s/ David S. Zlotlow**

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General Counsel  
Anthony Ivancovich  
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Counsel for the California Independent  
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Dated: November 20, 2023

## **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 20<sup>th</sup> day of November, 2023.

*/s/ Ariana Rebancos*

Ariana Rebancos  
An employee of the California ISO