

173 FERC ¶ 61,041
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

October 15, 2020

In Reply Refer To:
California Independent System Operator
Corporation
Docket No. ER20-2604-000

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

Attention: David S. Zlotlow

Dear Mr. Zlotlow:

1. On August 3, 2020, 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 and certain nonrefundable study deposits stemming from interconnection projects.² As discussed below, we grant CAISO's Petition.

2. CAISO explains that its 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

¹ 18 C.F.R. §385.207 (2020).

² CAISO Petition at 1 (Petition).

management charge payments by all scheduling coordinators.³ Further, CAISO explains that it must obtain the Commission's approval to distribute the penalty proceeds prior to any disbursement.⁴

3. CAISO also explains that Southern California Edison Company's (SoCal Edison) Wholesale Distribution Access Tariff requires generator interconnection study deposits not reimbursed to the interconnection customer or otherwise applied to interconnection study costs be remitted to CAISO.⁵

4. In the instant Petition, CAISO seeks approval to distribute the proceeds from penalties assessed during the 2019 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.⁶ CAISO states that it assessed \$622,500 in penalties for 2019. 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.⁷

5. CAISO also seeks approval to distribute the interconnection study funds for projects interconnecting to SoCal Edison's distribution system for calendar year 2019. CAISO states that Attachment B of its filing sets forth the calculation for SoCal Edison's interconnection funds.⁸ 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 \$1,452,574.98 for 2019. CAISO explains that, similar to the distribution of penalty revenues, the final interest amount will be recalculated to correspond to the actual day on which the distribution will

³ *Id.* at 2-3.

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

⁵ *Id.* at 5.

⁶ *Id.* at 4.

⁷ *Id.* at 3.

⁸ *Id.* at 5.

occur once it receives Commission approval to distribute the interconnection study funds.⁹

6. Notice of CAISO's filing was published in the *Federal Register*, 85 Fed. Reg. 48,240 (Aug. 10, 2020), with interventions and protests due on or before August 24, 2020. SoCal Edison submitted a timely motion to intervene. No other comments or protests were filed. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2020), SoCal Edison's timely, unopposed motion to intervene serves to make it a party to this proceeding.

7. 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 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,¹⁰ 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.

8. We also find that CAISO's proposal to distribute the interconnection proceeds to scheduling coordinators, as stated in Attachment B 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 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).

⁹ *Id.* at 5-6.

¹⁰ See *Cal. Indep. Sys. Operator Corp.*, 170 FERC ¶ 61,184 (2020); *Cal. Indep. Sys. Operator Corp.*, 163 FERC ¶ 61,058 (2018); *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).

Also, our decision to grant the Petition 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 calendar year.¹¹ Therefore, in accordance with section 37.9 of CAISO's tariff, we grant CAISO's Petition to distribute interconnection study proceeds as set forth in Attachment B of its Petition, subject to CAISO's final interest calculation.

By direction of the Commission

Kimberly D. Bose,
Secretary.

¹¹ 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).