

121 FERC ¶ 61,011
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

October 2, 2007

In Reply Refer To:
California Independent System Operator Corporation
Docket Nos. ER07-1180-000
ER07-1180-001

California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Attention: Daniel J. Shonkwiler, Senior Counsel

Reference: Penalties for violation of section 31.1.4.1 of
the CAISO's Tariff through October 18, 2006.

Dear Mr. Shonkwiler:

On July 20, 2007, the California Independent System Operator Corporation (CAISO) filed a petition, as amended,¹ requesting the waiver of penalties assessed to Scheduling Coordinators who failed to submit timely daily Demand forecasts between May 16, 2006 and October 18, 2006. The CAISO states that section 31.1.4.1 of the CAISO's Tariff requires that Day-Ahead Schedules include at least 95 percent of a Scheduling Coordinator's forecasted Demand and that Scheduling Coordinators submit a Demand forecast by 10 a.m. daily for the following day.²

The CAISO states that it began assessing penalties for violations of section 31.1.4.1 on May 16, 2006. In addition to the typical learning curve associated with the new requirement, the CAISO states that Scheduling Coordinators also faced two technical problems that hindered their compliance. The CAISO states that these technical

¹ On August 9, 2007, the CAISO filed an amendment, under Docket No. ER07-1180-001, updating Exhibit C of its petition. The CAISO states that it erroneously submitted a draft version of Exhibit C, which the errata seeks to correct.

² See *Cal. Indep. Sys. Operator Corp.*, 113 FERC ¶ 61,187 (2005), where the Commission accepted the daily Demand forecast requirements.

challenges were mitigated when the CAISO created a routine to confirm daily Demand forecast submissions via e-mail. The CAISO explains that this routine was rolled out to Scheduling Coordinators one-by-one and was not in place for every load-serving Scheduling Coordinator until October 2006.

Notice of the CAISO's filing was published in the *Federal Register*, 72 Fed. Reg. 42,407 (2007) with interventions, comments, and protests due by August 10, 2007. A timely motion to intervene was filed by the California Electricity Oversight Board. Timely motions to intervene and answer in support were filed by the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California and the California Department of Water Resources State Water Project. No protests or adverse comments were filed. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2007), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

The Commission finds that good cause exists to grant waiver of penalties assessed to Scheduling Coordinators under section 31.1.4.1 of the CAISO's Tariff for the locked in period of May 16, 2006 through October 18, 2007. As the CAISO states, May 16, 2007 to October 18, 2007, represented a transition period where most Scheduling Coordinators were still learning to perfect their compliance with section 31.1.4.1 while facing additional technical problems that thwarted their efforts at compliance. The CAISO also notes that since October 18, 2007, compliance with these requirements has been virtually 100 percent.³ Therefore, we accept the CAISO's request for waiver.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Acting Deputy Secretary.

³ CAISO petition at 8.