

# Memorandum

**To:** ISO Board of Governors

**From:** Roger Collanton, Vice President, General Counsel, Chief Compliance Officer,  
and Corporate Secretary

**Date:** December 11, 2024

**Re:** Regulatory update (since November 5, 2024)

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*This memorandum does not require ISO Board of Governors action.*

## Highlights

- *ISO files Energy Storage and Bid Cost Recovery Tariff Amendment*
- *ISO files West-Wide Governance Pathways Step 1 tariff amendment*
- *ISO files tariff amendment to implement Extended Day-Ahead Market Access Charge Framework for the ISO Balancing Authority Area*

## Federal Energy Regulatory Commission

- **NOPR: Supply Chain Risk Management Reliability Standards (RM24-4)**

On December 2, 2024, the ISO joined the ISO/RTO Council in comments on FERC's Notice of Proposed Rulemaking to direct the North American Electric Reliability Corporation (NERC) to develop and submit for Commission approval of new or modified Reliability Standards that address the sufficiency of responsible entities' supply chain risk management plans related to the identification of, assessment of, and response to supply chain risks, and the applicability of Reliability Standards' supply chain protections to protected cyber assets. As part of any directives to NERC to develop reliability standard revision, the ISO/RTO Council comments support providing responsible entities with appropriate flexibility to identify, assess, and respond to supply chain risks.

- **SunZia Transmission, LLC (ER25-170)**

On November 27, 2024, the ISO filed an answer to comments and a limited protest regarding the proposed transmission owner tariff to (1) affirm that SunZia Transmission has thus far satisfied all applicable requirements under the ISO tariff to become a subscriber participating transmission owner; (2) clarify that the form of the SunZia Transmission non-subscriber usage rates is consistent with ISO tariff requirements; and (3) provide information that may be useful to the FERC in evaluating the justness and reasonableness of the transmission owner tariff proposed by SunZia Transmission.

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- **Energy Storage and Bid Cost Recovery (ER25-576)**

On November 26, 2024, the ISO filed a tariff amendment to modify the real-time bid cost recovery calculations for storage resources to consider other cost proxies in addition to the real-time energy bid cost in all real-time intervals, thus mitigating the risk of energy bids unduly inflating bid cost recovery. These cost proxies ensure storage resources remain eligible for bid cost recovery but reduce the potential for unwarranted bid cost recovery payments.

- **NOPR: Cyber Security – Internal Network Security Monitoring: CIP-015-1 (RM24-7)**

On November 26, 2024, the ISO joined the ISO/RTO Council in comments on FERC's Notice of Proposed Rulemaking, recommending that FERC clarify the term "CIP-networked environment" in any final rule by specifying the networks located outside of a responsible entity's Electronic Security Perimeter that would be covered by the requirements of a revised CIP-015 Reliability Standard.

- **Sentinel Energy Center, LLC – Black Start (ER24-2813)**

On November 25, 2024, FERC issued an order granting the ISO's August 20, 2024, limited waiver request to accommodate Sentinel Energy Center's construction and commissioning of black start capability at its generating facility as it takes various resource adequacy units out of service for a portion of the months in October and November 2024.

- **Pathways Step 1 Initiative (ER25-542)**

On November 22, 2024, the ISO filed a tariff amendment to add a rule authorizing a "dual filing" in certain circumstances when no single proposed amendment is supported by both the ISO Board of Governors and the Western Energy Markets (WEM) Governing Body. A dual filing would include two alternative amendments from which the FERC can choose – one approved by the Board and the other approved by the WEM Governing Body. This proposed tariff amendment is part of a larger package of governance changes intended to advance regional integration by supporting participation in its Western Energy Imbalance Market and Extended Day-Ahead Market.

- **NERC: Five-Year Electric Reliability Organization Performance Assessment Report (RR24-4)**

On November 22, 2024, the ISO joined the ISO/RTO Council in comments in support of NERC's November 8, 2024, supplemental filing to the Performance Assessment Report. The report outlines additional Electric Reliability Organization ("ERO") Enterprise efforts to more efficiently deploy ERO, Regional Entity, and Registered Entity resources by: (1) employing a Potential Noncompliance abeyance period where appropriate for new or revised Reliability Standards; (2) streamlining the processing of issues deemed to be

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Compliance Exceptions; and (3) focusing on timely data analysis to report on trends, themes, and recommendations.

- **EDF Trading NALLC, CXA La Paloma, ISO (ER25-526 and ER21-2579)**

On November 22, 2024, parties filed a joint settlement agreement resolving issues regarding EDF Trading and CXA La Paloma's application for recovery of fuel costs incurred on February 16, 2021, arising from the commitment of generating units in response to market dispatch from the ISO.

- **Building for the Future through Electric Regional Transmission Planning and Cost Allocation: Order 1920-A(RM21-17)**

On November 21, 2024, FERC issued an order on rehearing and clarification in connection with its final rule for long-term transmission planning. Among other things, Order No. 1920-A requires transmission providers to incorporate state input regarding the development of future scenarios used in long-term regional transmission planning. Order No. 1920-A also requires transmission providers to include in their compliance filings any ex ante cost allocation method or state agreement process agreed to by the relevant state entities, even if the transmission provider chooses not to propose the method or process in compliance with Order No. 1920.

- **Interregional Transfer Capability Study: Strengthening Reliability through the Energy Transformation (AD25-4)**

On November 19, 2024, NERC issued its interregional transfer capability study, as directed by Congress. NERC prepared the report in consultation with regional entities and transmitting utilities to provide (1) current total transfer capability ("TTC") between each pair of neighboring transmission planning regions in the U.S., (2) recommendations for technically prudent additions to TTC between pairs of neighboring transmission planning regions where these additions would demonstrably strengthen reliability, and (3) recommendations on how to meet and maintain TTC now and as enhanced in response to the study findings. Comments on the study are due on February 3, 2025.

- **Extended Day-Ahead Market Access Charge for ISO BAA (ER25-437)**

On November 14, 2024, the ISO filed a tariff amendment to implement the extended day-ahead market (EDAM) access charge framework in the ISO balancing authority area (BAA), to support optimal day-ahead commitment of a geographically diverse set of resources across an expanded market area, maximizing the use of available transmission capability and providing broad reliability, economic, and environmental benefits to customers across the West.

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- **Rules of Conduct Enhancements (ER25-54)**

On November 7, 2024, the ISO answered comments regarding the October 8, 2024, tariff amendment to (1) create a new penalty for failure to submit demand response monitoring data; (2) streamline the investigative process under the rules of conduct; (3) update the penalty tolling process when a market participant appeals a penalty to FERC; (4) create a materiality threshold in assessing penalties for inaccurate meter data submissions; and (5) eliminate a reporting requirement for cases when federal power marketing administrations have rules of conduct violations.

### **Non-conforming regulatory agreements**

- **Development Agreement for SWIP-North: ISO and Great Basin Transmission, LLC (ER25-543)**

On November 22, 2024, the ISO filed a development agreement for the Southwest Intertie Project-North transmission project, as the only active transmission solution that will give load-serving entities in California direct access to Idaho wind-powered generation and providing other economic benefits the ISO identified in its transmission planning process.

- **Transmission Exchange Agreement: WAPA, PG&E and the ISO (ER24-3101/ER24-3087)**

On November 18, 2024, FERC issued an order accepting an amended and extended Transmission Exchange Agreement among Western Area Power Administration, Pacific Gas & Electric Company and the ISO. FERC also accepted the ISO's certificate of concurrence for the agreement. The amended and extended Transmission Exchange Agreement establishes a new 20-year term with an adjusted quantity of transmission capacity on the Pacific AC Intertie and additional service rights.

### **California Public Utilities Commission**

- **Aliso Canyon (I.17-02-002)**

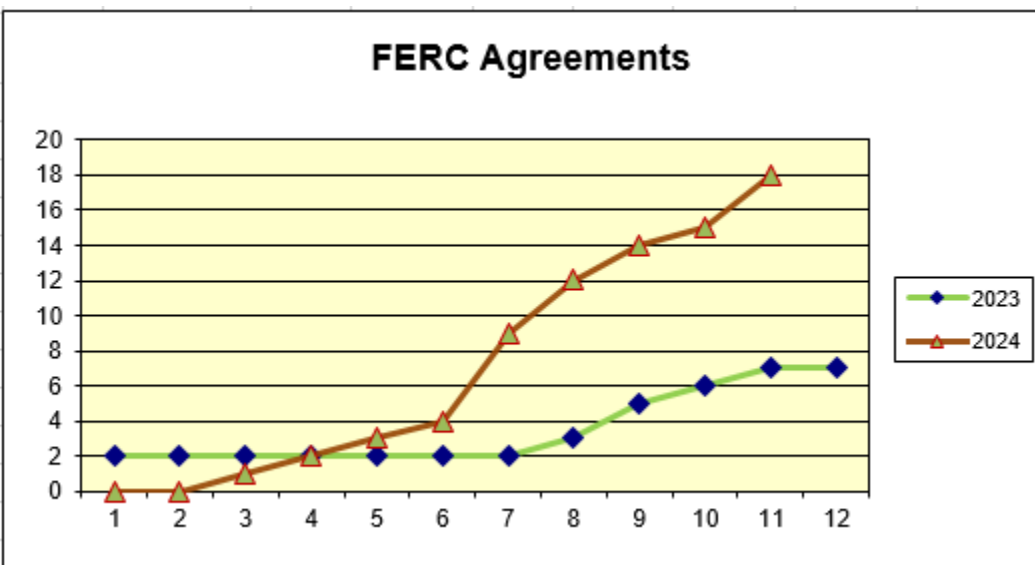
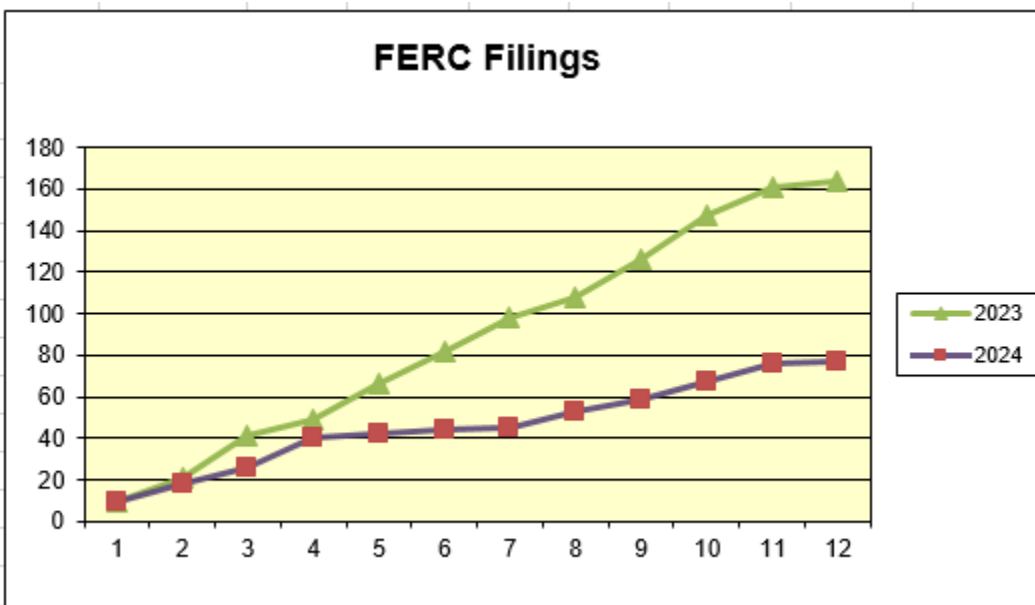
On December 3, 2024, the ISO filed opening comments on the November 13, 2024, proposed decision adopting biennial assessment process. The ISO supports the CPUC addressing decisions regarding the timing, volume and procurement of replacement resources to proceedings that comprehensively evaluate electric and gas systems, and adopting a biennial assessment framework to regularly assess storage levels at Aliso Canyon, coordinated with other entities including the ISO.

- **Resource Adequacy (R.23-10-011)**

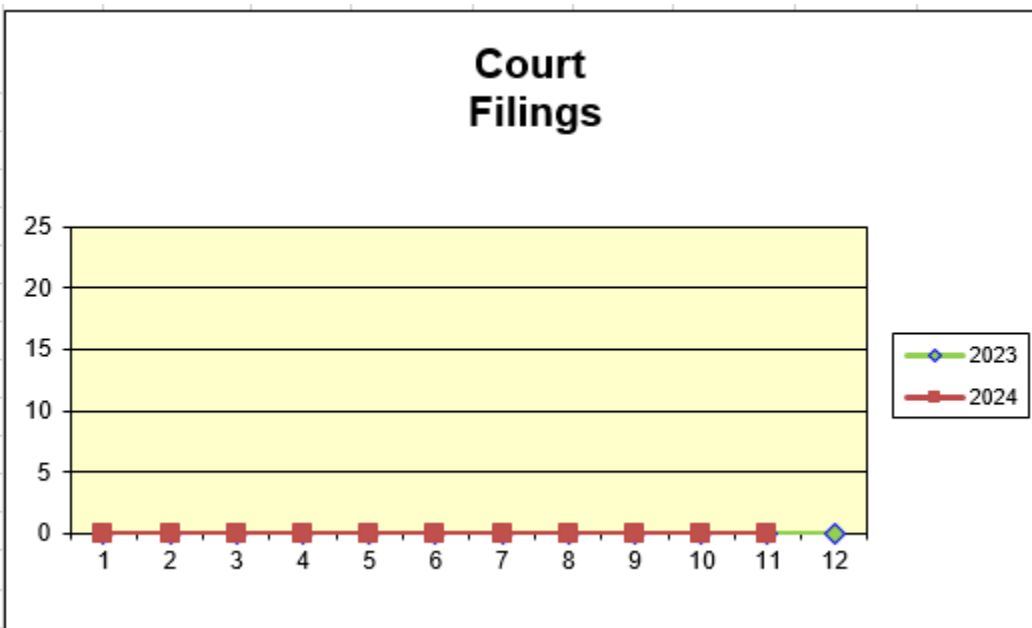
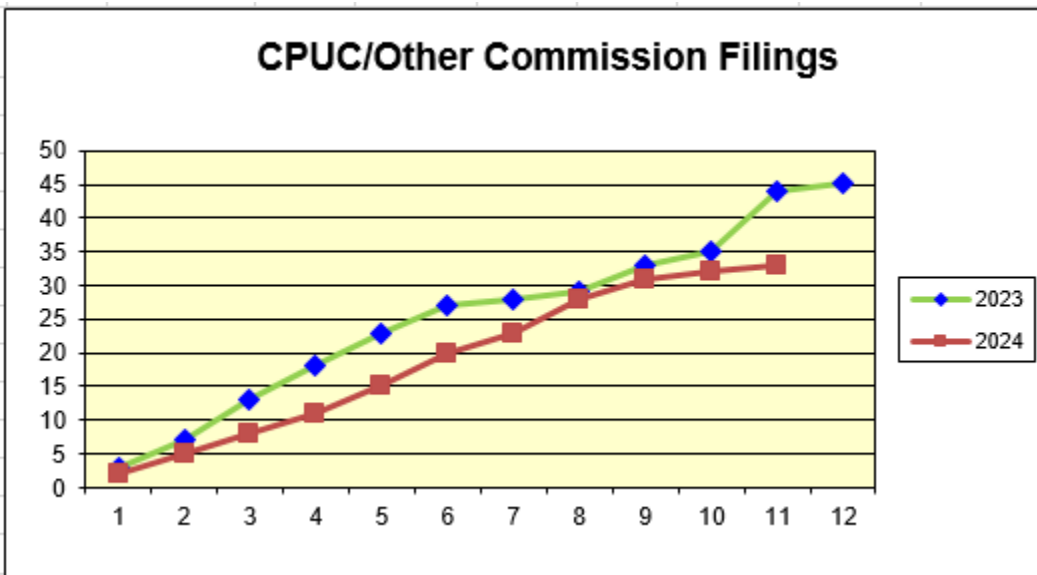
On November 18, 2024, the ISO filed comments on the October 29, 2024, proposed

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decision on track 2 issues, focusing on aspects of the proposed decision that ensure resource adequacy program requirements meet a 0.1 loss of load expectation, the development of an unforced capacity framework, and retain local resource adequacy requirements.



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