

# Memorandum

**To:** ISO Board of Governors

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

**Date:** July 10, 2024

**Re:** Regulatory Update (since May 10, 2024)

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

## **Highlights**

- *U.S. Senate confirms David Rosner, Lindsay See and Judy Chang to serve as FERC Commissioners*
- *FERC issues Order No. 1920 addressing regional transmission planning and cost allocation rules*
- *FERC issues Order No. 1977 updating the Commission's transmission siting authority process*
- *FERC issues an advance notice of proposed rulemaking (ANOPR) regarding implementation of dynamic line ratings*
- *FERC issues an order denying the complaint against the ISO filed by Cometa Energia (Saavi)*
- *FERC issues an order approving an extreme cold weather preparedness and operations reliability standard*
- *ISO files tariff amendment to enhance cost-verified bidding above the \$1,000/MWh soft energy bid cap consistent with Order No. 831*

## **Federal Energy Regulatory Commission**

- **Petition for Waiver – EDAM Implementation Agreement (ER24-2444)**

On July 1, 2024, the ISO filed a petition for limited waiver of section 33.2.2 of the tariff to accommodate the execution and effectiveness of an Extended Day-Ahead Market

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(EDAM) Entity Implementation Agreement between the ISO and Portland General Electric Company (PGE). Section 33.2.2 of the ISO tariff provides in relevant part that an EDAM Entity Implementation Date must be not less than six months and not more than 24 months after the date that the EDAM Entity Implementation Agreement between the ISO and the balancing authority becomes effective. PGE is seeking to join EDAM in October 2026 but wishes to commence implementation activities now.

- **ANOPR: Implementation of Dynamic Line Ratings (RM24-6)**

On June 27, 2024, FERC issued an advance notice of proposed rulemaking (ANOPR) to consider potential requirements for transmission providers to use dynamic line ratings, using up-to-date weather forecasts, to improve the accuracy of transmission line ratings and more accurate system transfer capability. In addition, the ANOPR proposes metrics to measure congestion both in RTO/ISO regions and in non-RTO/ISO regions. Comments are due within 90 days of the ANOPR appearing in the Federal Register.

- **NERC Registration of Inverter-Based Resources (RR24-2)**

On June 27, 2024, FERC issued an order approving NERC's March 19, 2024, petition for approval to revisions to NERC rules of procedure to identify and register owners and operators of inverter-based resources (IBR) that are interconnected to the bulk-power system, but are not currently required to register with NERC under the bulk electric system definition and can in aggregate materially impact reliability of the bulk-power system. FERC's order also requires NERC to make a compliance filing explaining whether its proposal applies to the registration of owners and operators of battery storage resources, fuel cells, and all other IBR technologies, and if not, what NERC's plan is to include such resources.

- **Extreme Cold Weather Preparedness and Operations: Reliability Standard EOP-012-2 (RD24-5/RD24-1)**

On June 27, 2024, FERC issued an order approving the proposed reliability standard EOP-012-2., which clarifies the requirements for generator cold weather preparedness and adopts changes consistent with FERC's directives in its February 2023 order to help ensure that more generation is available during extreme cold weather. The order also directs NERC to develop and submit modifications to the reliability standard that, among other things, address concerns related to the ambiguity of the newly defined Generator Cold Weather Constraint term and criteria, and ensure that the Generator Cold Weather Constraint declaration criteria included within the proposed reliability standard are objective and sufficiently detailed.

- **Cometa Energia, S.A de C.V. ("Saavi") v. CAISO (EL24-92)**

On June 27, 2024, FERC issued an order denying Saavi's March 20, 2024 complaint against the ISO regarding the termination of Saavi's full capacity deliverability status

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for Saavi's unit that has served Mexico since 2017. FERC's order finds that the ISO tariff and the function of deliverability within the overall California resource adequacy framework support a finding that ISO appropriately revoked Saavi's deliverability rights after a three-year consecutive period of disconnection from the ISO grid, during which time Saavi remained disassociated from any scheduling coordinator and was, therefore, incapable of operating in the ISO markets.

- **E-Tag Submission Timeline Clarification (ER24-2381)**

On June 26, 2024, the ISO filed a tariff amendment to clarify the interaction between the electronic tag (E-Tag) submission timeline and the accompanying intertie transaction's eligibility for a schedule in the fifteen-minute market. This tariff clarification aligns the tariff with the current implementation of these market rules.

- **Non-generator resource bidding in residual unit commitment (ER24-1837)**

On June 13, 2024, FERC issued an order accepting the April 25, 2024 tariff amendment to remove language in the tariff that states non-generator resources with resource adequacy capacity have a requirement to submit \$0/MW availability bids in the residual unit commitment (RUC) process. This language is not consistent with the ISO's current practices, which do not support the submission of RUC availability bids by non-generator resources.

- **Extended day-ahead market (ER24-1746)**

On June 11, 2024, FERC issued an order accepting the April 12, 2024 tariff amendment to implement the EDAM access charge. The EDAM access charge provides EDAM transmission service providers an opportunity to recover transmission revenues comparable to their historical cost recovery prior to their participation in EDAM. The EDAM access charge also ensures cost allocation across the wider footprint of EDAM beneficiaries, *i.e.*, from those who historically paid and benefited from transmission service to those who will pay and benefit as a result of the change to transmission service under EDAM.

- **Price Formation Enhancements – Order No. 831 (ER24-2168)**

On May 31, 2024, the ISO filed a tariff amendment consisting of two sets of enhancements to cost-verified bidding above the ISO's \$1,000/MWh soft energy bid cap consistent with Order No. 831. The first change proposes removes the current restriction that scheduling coordinators manually submit reference level adjustment requests to raise their default energy bids above \$1,000/MWh when the default energy bids would, by their own calculation, rise above \$1,000/MWh. The second change proposes to enable storage resources to bid above the soft energy bid cap in the real-time markets by providing methods to verify storage resources' unique opportunity costs based on other resources' ability to bid above the soft energy bid cap.

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- **Order Nos. 2023 and 2023-A: Improvements to Generator Interconnection Procedures and Agreements (RM22-14)**

On May 16, 2024, the ISO filed a tariff amendment to comply with Order No. 2023. The ISO's compliance filing proposes to adopt virtually all of Order No. 2023's proposed reforms and makes limited requests that FERC authorize variance pursuant to the independent entity standard. On June 21, 2024, the ISO filed an answer to comments and protests in the docket.

- **Order No. 1920: Building for the Future Through Electric Regional Transmission Planning and Cost Allocation (RM21-17)**

On May 13, 2024, FERC issued a final rule adopting numerous requirements for regional transmission planning and cost allocation processes, including a requirement that transmission providers conduct long-term regional transmission planning looking out 20 years that ensures the identification, evaluation, and selection, as well as the allocation of the costs, of regional transmission solutions to address long-term transmission needs. Compliance filings for regional transmission planning reforms are due within 10 months of the effective date of the final rule. Compliance filings to ensure inter-regional planning processes reflect those reforms are due 12 months of the effective date of the final rule.

- **Order No. 1977: Applications for Permits to Site Interstate Electric Transmission Facilities (RM22-7)**

On May 13, 2024, FERC issued a final rule amending its regulations governing applications for permits to site electric transmission facilities located in national corridors if a state denies an application to site such transmission facilities.

- **Meter Data Penalties (EL24-87 *et al.*)**

In March and April, the ISO filed answers supporting numerous complaints seeking relief from tariff based penalties arising from the submission of late meter data values. In May and June, FERC granted the complaints, and directed the ISO to nullify the meter data error penalties.

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

- **Planning Coordinator Agreement: City of Santa Clara dba Silicon Valley Power (ER24-1956)**

On June 18, 2024, FERC issued an order accepting an amendment to the ISO's agreement with the City of Santa Clara dba Silicon Valley Power to extend the term of the agreement, and provide minor supporting edits and updates.

- **Planning Coordinator Agreement: California Department of Water Resources (ER24-2202)**

On June 6, 2024, the ISO filed an amendment to the parties' agreement to extend the term of the agreement, and provide minor supporting edits and updates.

- **Transmission Control Agreement: DCR Transmission, LLC (ER24-1701)**

On June 4, 2024, FERC issued an order accepting the April 4, 2024 revisions to the Transmission Control Agreement adding DCR Transmission, LLC as a participating transmission owner (PTO). DCR Transmission became a new PTO when the Ten West Link 500 kV transmission line project became operational last month.

- **Western Energy Imbalance Market - Implementation Agreement: BHE Montana, LLC (ER24-1628)**

On May 17, 2024, FERC issued an order accepting the March 27, 2024 WEIM implementation agreement between the ISO and BHE Montana.

- **CSU Channel Islands Site Authority – Reliability Must-Run (ER24-1585 and ER24-691)**

On May 15, 2024, FERC issued an order accepting the Channel Islands March 20, 2024 offer of settlement reflecting a resolution of disputed issues, pertaining to resource adequacy availability incentive mechanism penalties incurred during an extended unplanned outage.

### **California Public Utilities Commission**

- **Order Instituting Rulemaking to Update and Amend Commission General Order 131-D (R.23-05-018)**

On July 1, 2024, the ISO filed opening comments on the Phase 2 staff proposal. The ISO's comments encourage the CPUC to find solutions that promote efficient development and transparency. The ISO's comments support the staff proposal's

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inclusion of the rebuttable presumption for ISO-approved projects, reflecting the independent evaluation process undertaken by the ISO to identify transmission solutions necessary to meet the reliability and policy needs of the state. In addition, the ISO supports the staff proposal's pilot program to expedite California Environmental Quality Act (CEQA) review timelines, and supports the proposed reform focusing on routing and siting alternatives that address the ISO's electrical solution, deferring the analysis of system alternatives to the ISO's transmission planning process.

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

On May 13, 2024, the ISO filed its 2025 Flexible Capacity Needs Assessment and 2025 Availability Assessment Hours, with the recommendation that the CPUC allocate the total 2025 flexible capacity requirements reflected in the assessment amongst its jurisdictional load serving entities.

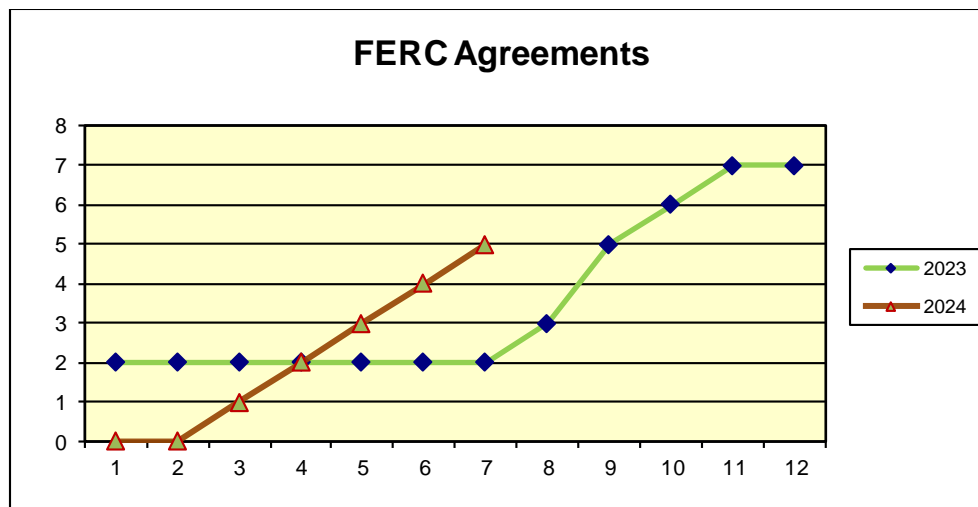
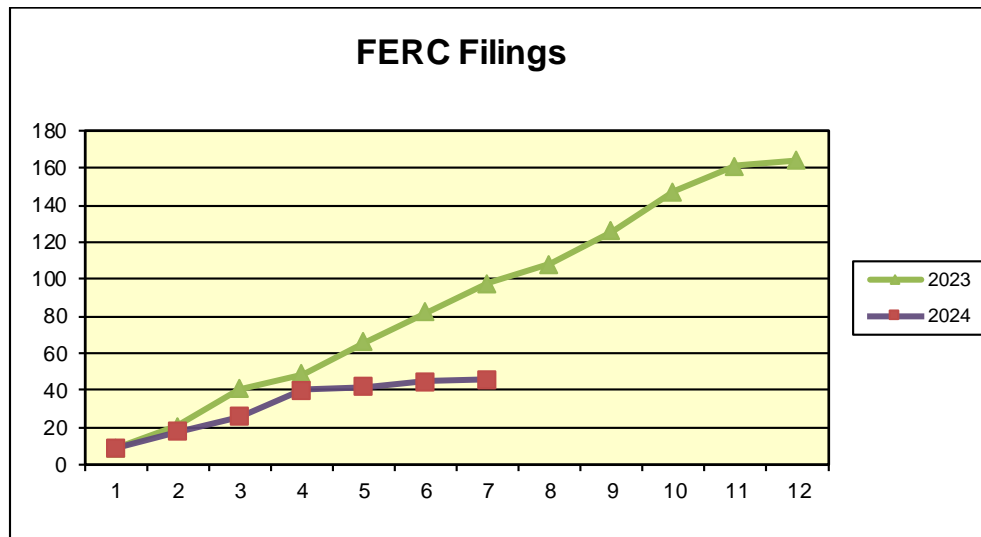
On June 26, 2024, the CPUC issued its decision adopting the ISO's recommended local capacity requirements (2025-2027) and flexible capacity requirements (2025). The decision also adopts other program enhancements for 2025, including the ISO's proposal to require load-serving entities to show to the ISO all deliverable resources shown to the CPUC on their resource adequacy plans. In addition, the decision adopts a higher planning reserve margin (17%) to help offset uncertainty associated with the California Energy Commission's decreased load forecast. Finally, the decision defers development of an unforced capacity (UCAP) methodology to the second track of this proceeding.

- **Integrated Resource Planning (R.20-05-003)**

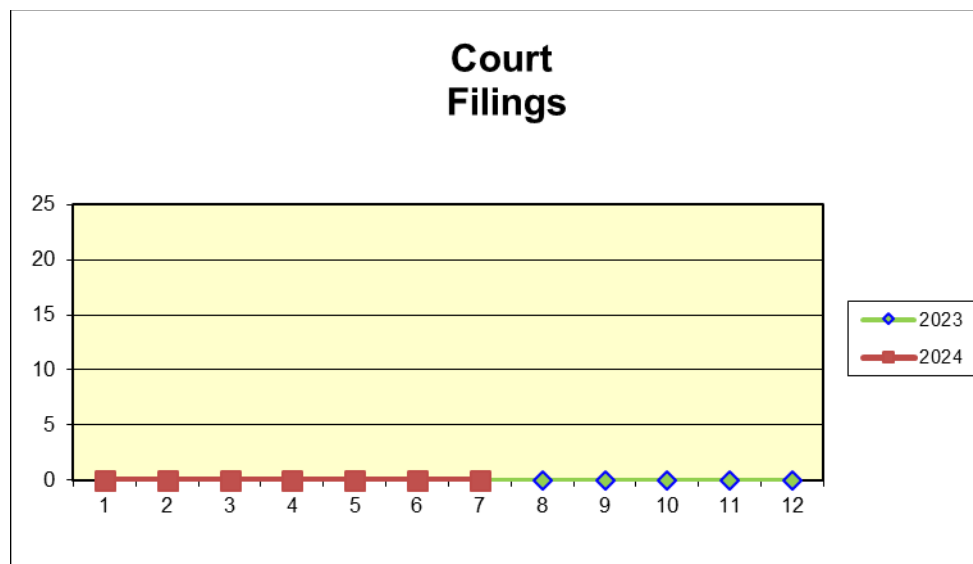
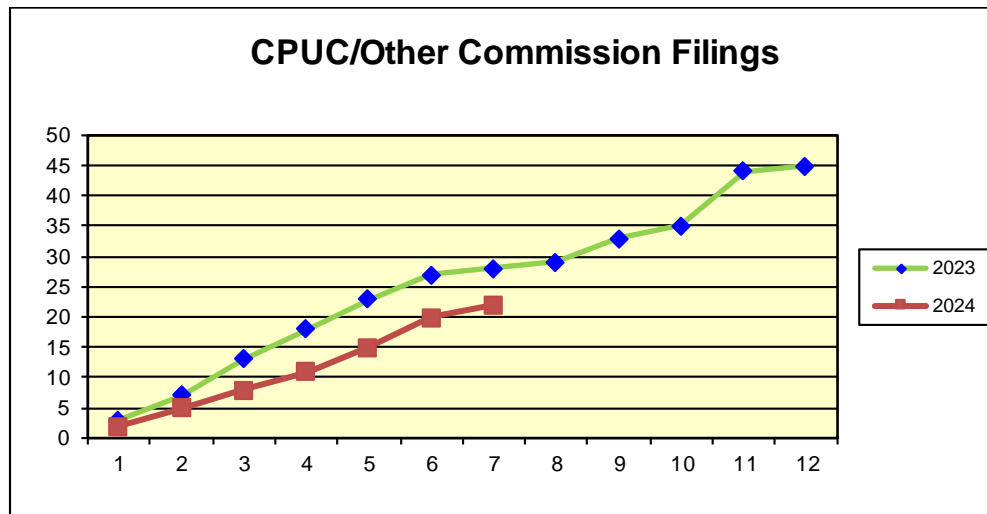
On May 24, 2024, the ISO filed comments on the Administrative Law Judge's ruling on need and process for centralized procurement of specified long lead-time resources (including offshore wind). In these comments, the ISO highlights the need to balance prompt engagement in long lead-time (LLT) transmission development with parallel resource development processes. The ISO recommends the CPUC continue to reflect decisions regarding LLT resource development directly in Integrated Resource Plan portfolios to allow the ISO to continue to study the CPUC's preferred resource portfolios and plan the transmission grid accordingly. The ISO also clarifies that the Subscriber Participating Transmission Owner model is specific to new transmission from locations currently outside the ISO Balancing Area, not for transmission within the ISO footprint.

On June 11, 2024, the ISO filed opening comments on the staff proposal to allow temporary bridge resources to meet Diablo Canyon replacement obligations. The ISO supports the Energy Division's proposal to create a category of zero-emitting bridge contracts that load serving entities may use to bridge backfill delays in Diablo Canyon replacement procurement to help maintain reliability targets in the near term.

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