

Memorandum

To: ISO Board of Governors

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

Date: January 31, 2024

Re: Regulatory update since last report dated December 6, 2023

This memorandum does not require ISO Board of Governors action.

Highlights

- *FERC issued an order addressing extended day-ahead market (EDAM) and day-ahead market enhancements (DAME) tariff amendment*
- *FERC issued an order accepting revisions to the grid management charge*
- *The ISO filed a tariff amendment seeking to enhance stakeholder rules of conduct*

Federal Energy Regulatory Commission

- **Rules of Conduct enhancements – phase 1 (ER24-872)**

On January 12, 2024, the ISO filed a tariff amendment to (1) update the penalty formula for inaccurate submissions of meter data; (2) eliminate the calculation of a market adjustment charge for meter data reporting errors when the entity responsible for the error is the only entity in the relevant utility service area; (3) remove the requirement for the ISO to seek FERC approval before distributing annual penalty proceeds to eligible market participants; and (4) clarify that entities exempt from rules of conduct sanctions are not eligible market participants for distributing penalty proceeds.

- **FERC v. Vitol, Inc. and Federico Corteggiano (IN14-4)**

On January 4, 2024, FERC issued an order approving a stipulation and consent decree between FERC's Office of Enforcement and Vitol and Corteggiano to resolve litigation and impose sanctions against the parties for their alleged market manipulation in the ISO markets. Enforcement claimed that in October 2013 Vitol and Mr. Corteggiano engaged in a scheme to sell physical power in the ISO's power market at a loss to alter congestion patterns in order to maintain the value of a congestion revenue right (CRR)

Regulatory Orders and Filings Through January 26, 2024

held by Vitol. Under the stipulation and consent decree, Vitol will pay a civil penalty to the United States Treasury of \$2.225 million and Mr. Corteggiano a penalty of \$75,000.

- **2023 Grid Management Charge – cost of service update (ER23-2974)**

On December 21, 2023, FERC issued an order accepting the ISO's September 29, 2023, revisions to the ISO's Grid Management Charge to implement results from the ISO's latest cost of service study and the EDAM ramp-in rate for EDAM participants in EDAM's initial years. The filing will bifurcate the system operations charge, raise the revenue requirement cap, and update the various GMC-related inputs and fees based on our most recent cost-of-service study.

- **Extended day-ahead market and day-ahead market enhancements (ER23-2686)**

On December 20, 2023, FERC issued an order accepting the ISO's August 22, 2023, tariff amendment to improve the existing day-ahead market, and to offer balancing authorities outside of the ISO's current footprint the opportunity to participate in a new day-ahead market. FERC's order accepts the EDAM and DAME proposals, subject to condition with one exception. The exception is the rejection, without prejudice, of the proposed historical transmission revenue recovery mechanism, also known as the EDAM access charge.

- **City of Tacoma v. ISO – meter data penalties (EL24-40)**

On December 18, 2023, the ISO filed an answer to City of Tacoma's complaint appealing meter data penalties, supporting the relief sought in the complaint.

- **Subscriber participating transmission owner model (ER23-2917)**

On December 14, 2023, FERC issued a deficiency letter requesting additional information regarding the ISO's September 22, 2023, tariff amendment to implement the subscriber participating transmission owner (PTO) model, including the inter-relationship between a non-subscriber usage rate for subscriber PTO's facilities and the ISO's transmission access charge. On January 12, 2024, the ISO responded to the requests in the deficiency letter. In addition, the ISO provided proposed modifications that supplement or supersede tariff provisions proposed in the September 22, 2023, filing and requested that FERC issue an order making the tariff revisions effective by March 13, 2024.

- **Order No. 881 – managing transmission line ratings (ER22-2362)**

On December 13, 2023, FERC accepted the ISO's June 16, 2023, tariff revisions regarding transmission line ratings in compliance with FERC's April 2023 order.

Regulatory Orders and Filings Through January 26, 2024

- **Market parameters tariff filing (ER23-2020)**

On December 8, 2023, FERC issued an order accepting the ISO's September 13, 2023, and October 19, 2023, compliance filings regarding the implementation of two sets of changes to market processes: (1) an adjustment to the threshold the market applies for considering the effectiveness of a resource in managing congestion, and (2) a new process to permit temporary changes to parameter values the ISO market uses to reflect relative scheduling priorities and constraints.

Non-conforming regulatory agreements

- **Greenleaf Energy Unit 2 LLC – Reliability Must-Run (ER24-785)**

On January 18, 2024, the ISO filed an answer to Greenleaf Energy's December 28, 2023, petition for limited waiver for relief from resource adequacy availability incentive mechanism (RAAIM) penalties related to a long term outage of Greenleaf's generating facility. The ISO supports Greenleaf's requested relief.

- **Sentinel Energy Center LLC – Black Start Agreement (ER24-366)**

On January 5, 2024, FERC issued an order accepting and suspending the black start agreement among Sentinel Energy Center, Southern California Edison and the ISO, to improve system restoration capabilities in southern California. On January 12, 2024, FERC issued an order designating a settlement judge to oversee settlement discussions in this proceeding with first settlement conference scheduled in February.

Regulatory Orders and Filings Through January 26, 2024

- **California State University, Channel Islands – Reliability Must-Run (ER24-691)**

On January 3, 2024, the ISO filed an answer to CSU Channel Islands' December 13, 2023, petition for limited waiver for relief from resource adequacy availability incentive mechanism (RAAIM) penalties related to a long term outage of CSU Channel Island's generating facility. The ISO supports CSU Channel Islands' requested relief. On January 19, 2024, CSU Channel Islands filed a motion to hold the proceeding in abeyance until March 15, 2024, to allow the parties to engage in discussions toward resolving issues in this proceeding.

- **PacifiCorp – First Amendment to Nodal Pricing Model Agreement (ER24-215)**

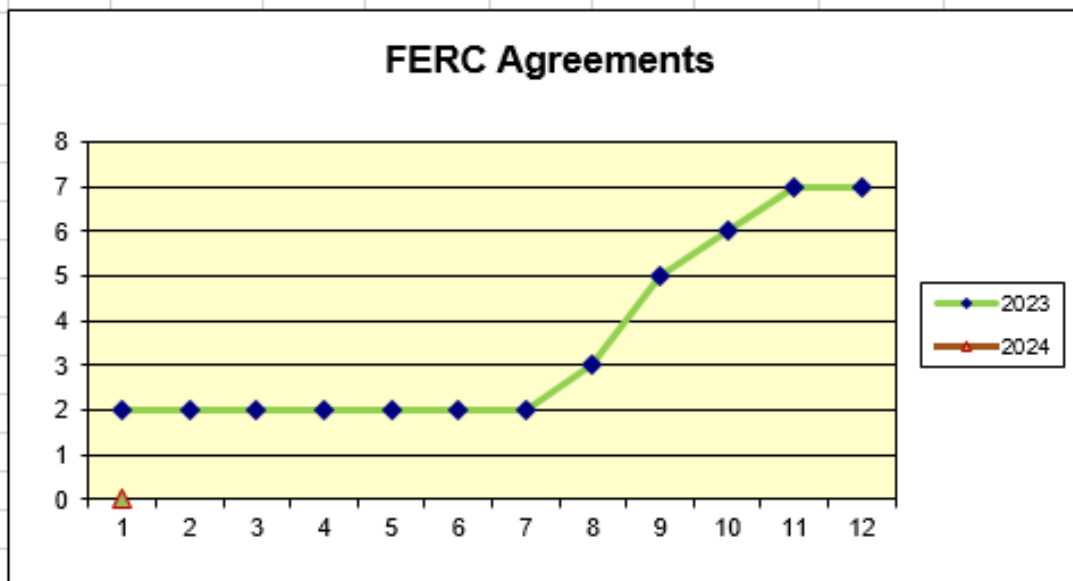
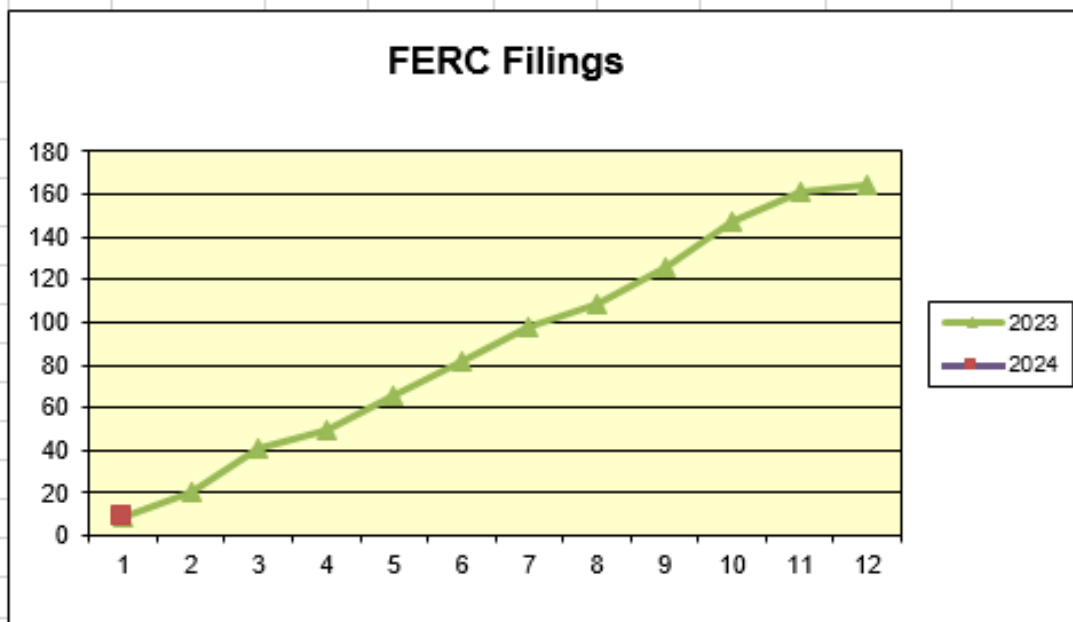
On December 21, 2023, FERC issued an order accepting the ISO's October 26, 2023, revisions to the agreement with PacifiCorp to increase nodal pricing model services fee to reflect increases in the ISO's operating costs.

California Public Utilities Commission

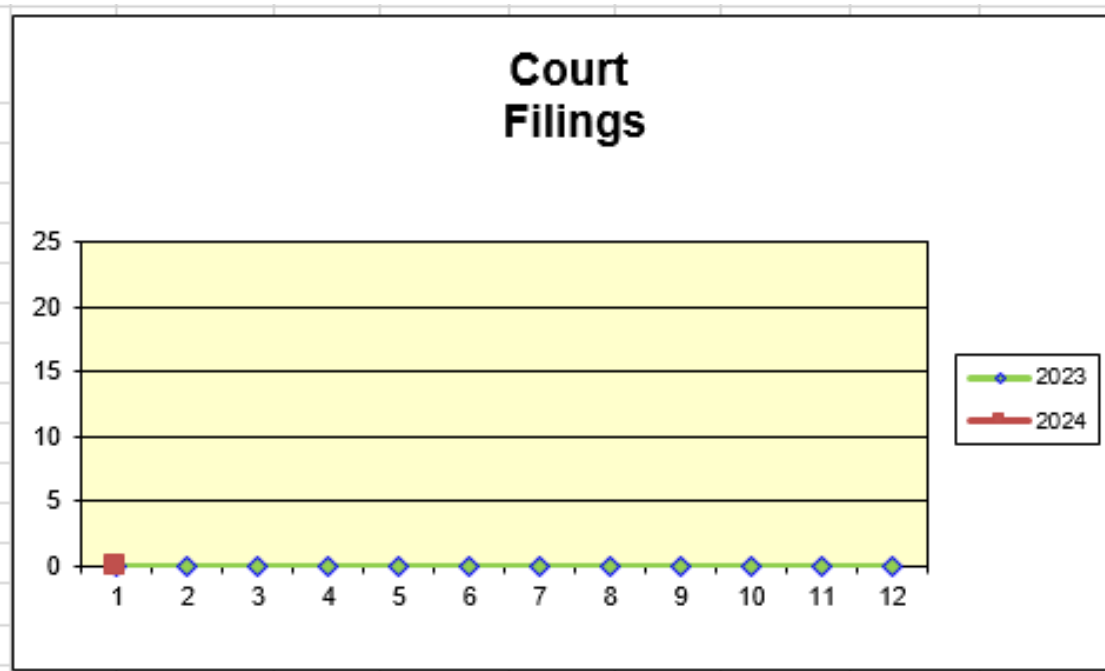
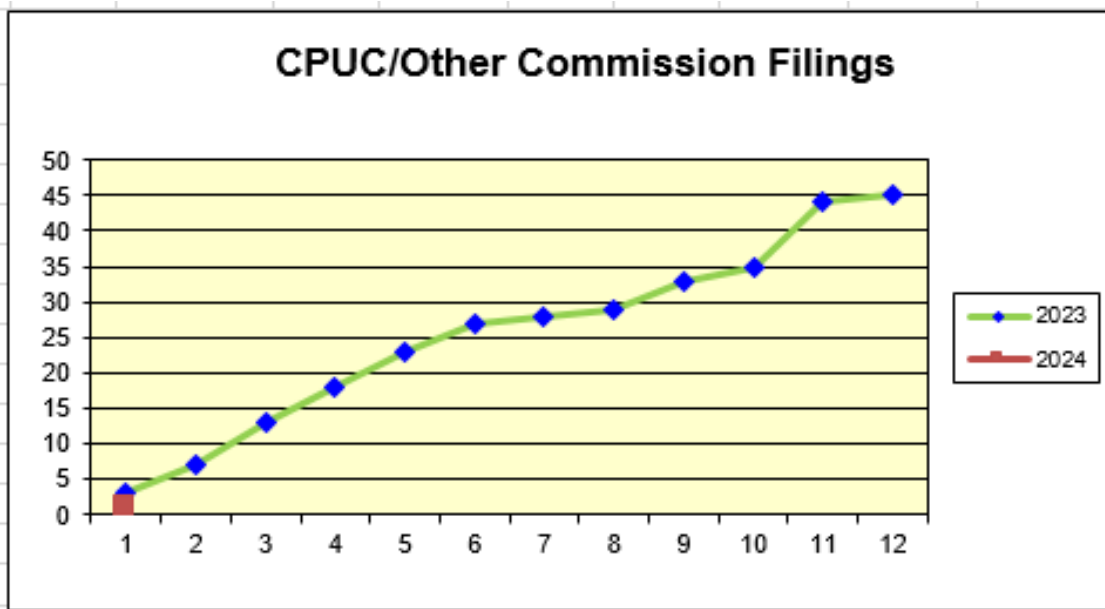
- **Resource Adequacy (R.23-10-011)**

On January 19, 2024, the ISO submitted its track 1 proposal pursuant to the December 18, 2023, scoping memo and ruling. In that proposal, the ISO advocated that before adopting the planning reserve margin (PRM) for a given resource adequacy year, the CPUC should commit to stress test the PRM to ensure it meets a 0.1 loss of load expectation across the year. This test will help the CPUC to determine if a single annual PRM is sufficient to achieve reliability targets under the Slice of Day resource adequacy framework.

Regulatory Orders and Filings Through January 26, 2024



Regulatory Orders and Filings Through January 26, 2024



Regulatory Orders and Filings Through January 26, 2024

