

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System
Operator Corporation

Docket No. ER14-1386-001

**ANSWER TO COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“CAISO”) respectfully submits this limited answer¹ to the comments filed by Powerex Corp. (“Powerex”) in response to the CAISO’s July 21, 2014 compliance filing.² Powerex does not present any argument that warrants rejection or modification of any portion of the CAISO’s compliance filing. The CAISO has complied with the June 19 Order modifying the tariff as the Commission directed and by providing full explanations where the Commission so requested. Powerex’s comments solely raise issues beyond the scope of the CAISO’s compliance filing.

I. BACKGROUND

On February 28, 2014, the CAISO filed an amendment to its tariff to provide other balancing authority areas the opportunity to participate in the real-time market for imbalance energy that the CAISO currently operates in its own balancing authority area. The amendment sets forth the rules and procedures governing this expansion of the real-time market. This set of rules and

¹ The ISO submits this answer pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213 (2013).

² *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231 (2014) (“June 19 Order”).

procedures is known as the Energy Imbalance Market or “EIM”. The CAISO requested a July 1, 2014, effective date for various proposed *pro forma* service agreements to be executed by EIM Market Participants and requested a September 23, 2014, effective date for the balance of the proposed tariff revisions.

In the June 19 Order, the Commission accepted the February 28 Tariff Filing, effective on the dates requested by the CAISO, subject to a compliance filing containing the tariff changes directed by the Commission and explaining certain provisions.³ The CAISO made its compliance filing on July 21, 2014. On August 8, 2014, Powerex filed comments regarding the compliance filing. No other party has filed comments.

II. ANSWER

Powerex believes that two aspects of the CAISO’s compliance filing remain ambiguous and require further clarification.⁴ The CAISO disagrees on both accounts.

A. The Revisions to Section 29.22(c) Comply with the June 19 Order and Should Stand Pending a Decision on CAISO’s Request for Rehearing.

Powerex recognizes that the CAISO’s revisions concerning title to energy for EIM Transfers complies with the June 19 Order.⁵ That should be the end of it. Nonetheless, Powerex argues that further revisions are necessary, not to comply with the Commission’s directives, but to avoid potentially differing interpretations

³ See June 19 Order at Ordering Paragraphs (A)-(D).

⁴ Powerex Comments at 2.

⁵ *Id.* at 4.

of the revised provision. Powerex suggests that the revised provision is inadequate because it may only identify those entities in the chain of title to energy for EIM Transfers and does not specify the location where the CAISO takes title to that energy.⁶ Powerex seeks further edits, or an answer from the CAISO, to eliminate any doubt that this section specifies the location that the CAISO takes title to energy for EIM Transfers.

The Commission should reject Powerex's request for further clarification or additional tariff revisions. The Commission directed the CAISO to revise proposed section 29.22 "so that CAISO takes title to energy associated with EIM transfers *consistent with its role as the centralized counterparty.*"⁷ The compliance filing revisions provide that:

Title to Energy. Title to Energy in ~~the Real Time Market~~ EIM Transfers passes directly to the CAISO from the entity that holds title when the Energy enters the CAISO Controlled Grid or the transmission system of an EIM Transmission Service Provider, whichever is first following Dispatch, and from the CAISO to the entity that removes the Energy from the CAISO Controlled Grid or the transmission system of a EIM Transmission Service Provider, whichever last precedes delivery to Load.

The Commission did not require the CAISO to identify the location where the CAISO takes title to EIM Transfers. The revisions thus comply with the Commission's directive.

Moreover, the CAISO tariff already identifies the location where the CAISO assumes title. Section 11.29 in pertinent part provides that all transactions financially settled by the CAISO are deemed to occur within the

⁶ *Id.* at 5-7.

⁷ June 19 Order at PP 171 (emphasis added).

State of California.⁸ Therefore, the location that title to energy for EIM Transfers passes to the CAISO as counterparty occurs when the energy flows into or out of California, not when it enters or leaves the transmission system of an EIM Transmission Service Provider as Powerex suggests. The CAISO tariff is clear and unambiguous on this point. Nothing in the CAISO's compliance tariff revisions undermines or creates inconsistency with section 11.29(b). For this reason, the Commission should reject Powerex's request.

The question Powerex raises in its comments is not whether the CAISO complied with the Commission's directive, but whether the revisions are "consistent with its role as the centralized counterparty." The Commission directed this revision in order to ensure consistency with the CAISO's role as central counterparty. Whether this revision is necessary or sufficient to ensure such consistency is the subject of CAISO and Powerex rehearing requests of the June 19 Order, respectively.⁹ This question concerns matters that are pending rehearing. Indeed, Powerex acknowledges that its arguments regarding the purported ambiguity of the CAISO's tariff provisions are beyond the scope of this compliance filing.¹⁰

⁸ CAISO Tariff section 11.29(b).

⁹ The CAISO in its request for rehearing argues that the Commission's directives in the June 19 Order undermine and are inconsistent with the Commission's findings and rulings in Order 741. See CAISO Request for Rehearing, Docket No. ER14-1386-002. Powerex argues in its request for rehearing that the Commission's June 19 Order is consistent with Order 741 and that the CAISO should be directed to specify the location at which the CAISO takes title to energy for EIM Transfers. See Powerex Request for Rehearing, Docket No. ER14-1386-002.

¹⁰ Powerex Comments at p 8.

There is no basis to address those issues here; they must be addressed in an order on rehearing. The CAISO has complied with the Commission's explicit directive in the June 19 Order.

B. The Explanation in Support of Section 29.10(e) Is Clear

Tariff section 29.10(e) establishes the information submission requirements for scheduling coordinator bids in the 15-minute market on an EIM External Intertie. In its initial protest, Powerex objected to the requirement in section 29.10(e) that an EIM Entity Scheduling Coordinator with an EIM External Intertie bid provide hourly transmission profiles and 15-minute energy profiles from respective e-tags at least 20 minutes before the start of the operating hour. Powerex asserted that this requirement is inconsistent with the timeline of the 15-minute market, which provides results to market participants 22.5 minutes before the start of any 15-minute interval.¹¹ The Commission directed the CAISO to either explain and provide support for its proposal or to revise it.¹²

The CAISO provided an explanation in its compliance filing that e-tags, whose timing is not specified in this section, must be submitted and reflect the point of delivery and point of receipt that were specified in the 15-minute market bid, which is due at least 20 minutes before the start of the hour. Under section 30.6.2 of the CAISO tariff, which is applicable to EIM Market Participants under section 29.30 of the CAISO tariff, if a scheduling coordinator receives an intra-hour schedule change, then the scheduling coordinator must, by twenty minutes

¹¹ Powerex Initial Protest at 94-95.

¹² July 19 Order at P 291.

before the start of the 15-minute market interval to which the schedule change applies, ensure that an updated energy profile reflects the change.

Powerex nonetheless believes that its initial protest remains unanswered.¹³ Powerex is not satisfied with the CAISO's explanation and argues that additional revisions to section 29.10(e) are required.¹⁴ Powerex suggests that existing section 30.6.2 recognizes that not all market results will be known and requires the e-tag to reflect all bids regardless of whether they have cleared the 15-minute market.¹⁵ This it asserts highlights the problem rather than clarifying the matter.

The CAISO will treat bids into the 15-minute market on an EIM External Intertie, if facilitated pursuant to CAISO tariff section 29.34(i)(2),¹⁶ in the same manner as it currently treats bids into the 15-minute market at a CAISO scheduling point. Section 29.10(e) requires that hourly transmission profiles and 15-minute energy profiles be established in e-tags that are submitted at least 20 minutes before the start of the operating hour and reflect the same point of receipt and point of delivery as the 15-minute market bid submittal. However, this requirement does not preclude later updates to the energy profiles that scheduling coordinators can submit in accordance with section 30.6.2.¹⁷

¹³ Powerex Comments at 9-10.

¹⁴ Powerex Comments at 9-10.

¹⁵ *Id.*

¹⁶ PacifiCorp does not permit economic participation at EIM External Interties at this time but may consider the option through a future stakeholder process.

¹⁷ The CAISO requests that that Commission refer to the version of section 30.6.2, 30.6.2.1, 30.6.2.2, 30.6.2.3, 30.6.2.4, and 30.6.2.5 as filed in the Order 764 Market

Submitting complete e-tags prior to the operating hour is necessary to enable the CAISO to process bids in the 15-minute market and is precisely why the CAISO suggested adding a reference to section 30.6.2 in section 29.10(e).

The CAISO acknowledges the data submission timeframe challenges that Powerex identifies in its comments, but these Commission-approved timeframes already exist in the CAISO tariff; the Energy Imbalance Market tariff amendment did not establish them. Accordingly, such timeline questions are beyond the scope this narrow compliance filing and the Energy Imbalance Market tariff changes accepted in the June 19 Order, which represent an extension of the CAISO's existing real-time market.

If the Commission nonetheless believes additional language is necessary to ensure consistency among the tariff provisions, the CAISO would recommend the following change to section 29.10(e).

EIM Energy Imbalance With an External Balancing Authority Area. For each EIM External Intertie Bid that clears the FMM resulting in a 15-minute EIM External Intertie schedule, the EIM Entity Scheduling Coordinator must submit to the CAISO the corresponding hourly transmission profile and 15-minute Energy profiles from the respective E-Tags, which must reflect the Point of Receipt and Point of Delivery that was declared in the FMM Bid submittal, at least 20 minutes before the start of the Operating Hour consistent with section 30.6.2.

Changes tariff amendment in Docket No ER14-480-000. The CAISO inadvertently used sections 30.6.2 and 30.6.2.1 twice. These sections had previously been designated as "Not Used" but were in fact used in the Reliability Demand Response Resource Amendment (ER13-2192) which was pending before the Commission at the time the Order 764 amendment was filed. The CAISO is aware of this matter and intends to correct the numbering in a future filing.

Beyond that, the Commission should reject Powerex's request for further clarification or changes regarding the information submission requirements and timeframes.

III. CONCLUSION

For the reasons discussed above, the Commission should reject Powerex's comments and accept the CAISO's compliance filing as submitted.

Respectfully submitted,

Kenneth G. Jaffe
Michael E. Ward
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004
Tel: (202) 239-3300
Fax: (202) 654-4875

By: /s/John C. Anders
Roger E. Collanton
General Counsel
Anthony J. Ivancovich
Deputy General Counsel
John C. Anders
Lead Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
Fax: (916) 608-7222

Counsel for the California Independent
System Operator Corporation

Dated: August 18, 2014

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA, this 18th day of August, 2014.

Anna Pascuzzo
Anna Pascuzzo