

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

**California Independent System) Docket No. ER15-861-000
Operator Corporation)**

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO SUPPLEMENTAL FILINGS OF POWEREX AND THE
WESTERN POWER TRADING FORUM**

The California Independent System Operator Corporation (“CAISO”)¹ files this answer to the “supplemental protests” submitted by Powerex Corp. (“Powerex”) and the Western Power Trading Forum (“WPTF”), on February 4 and 5, 2015, respectively.²

This proceeding involves the CAISO’s January 15, 2015, tariff amendment to implement transition period pricing for 12 months for each new Energy Imbalance Market (“EIM”) entity participating in the Energy Imbalance Market (“January 15 Tariff Filing”).³ Notably, however, Powerex and WPTF do not protest the actual filing – or any specific elements of the filing – that established

¹ Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the CAISO tariff.

² The CAISO files 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. The CAISO does not believe that Rule 213(a)(2) applies because, as explained in the body of this answer, the pleadings do not in fact protest any aspect of the CAISO’s filing in this proceeding, but instead seek affirmative relief with respect to other matters. However, to the extent that the Commission finds that Rule 213(a)(2) does apply, the CAISO requests waiver of the rule to permit it to make the answer. Good cause for this waiver exists here because the answer will aid the Commission in understanding the issues in the proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in the case. *See, e.g., Equitrans, L.P.*, 134 FERC ¶ 61,250, at P 6 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,023, at P 16 (2010); *Xcel Energy Services, Inc.*, 124 FERC ¶ 61,011, at P 20 (2008).

³ The CAISO filed an answer to comments and protests regarding the January 15 Tariff Filing, including protests filed by Powerex and WPTF, on February 5, 2015.

this proceeding. Rather, they object to a wholly unrelated change that the CAISO made to section 10.3.2.1 of the Business Practice Manual for the Energy Imbalance Market (“EIM BPM”) more than three months ago through the public BPM change management process.

Powerex’s and WPTF’s protests are both procedurally and substantively defective and should be rejected. Procedurally, these protests are outside the scope of this proceeding. Further, they constitute improper attempts to seek relief under Section 206 of the Federal Power Act without submitting a complaint or petition for such relief. For these reasons alone, the protests should be rejected.

If, however, the Commission does not reject the filings on procedural grounds, it should reject them on substantive grounds as they lack merit.

First, there is no basis for Powerex’s and WPTF’s arguments that the change to section 10.3.2.1 of the EIM BPM results in the CAISO calculating prices inconsistent with the CAISO tariff. To the contrary, the CAISO changed section 10.3.2.1 to fully and effectively implement the requirements of tariff sections 29.34(m) and 29.34(n). In summary, tariff section 29.34(m) requires the CAISO to establish a minimum flexible capacity requirement amount. If an EIM entity balancing authority area fails that test, tariff section 29.34(n) requires the CAISO to effectuate a temporary, partial isolation of that EIM entity balancing authority area from other balancing authority areas in the operation of the Energy Imbalance Market. The flexible ramping sufficiency test set forth in section 10.3.2.1 of the EIM BPM is used to determine whether an EIM entity balancing

authority area meets the section 29.34(m) requirement in each interval and to implement the partial isolation if it does not. While the CAISO was performing non-binding Energy Imbalance Market operations in October 2014 in preparation for the start of that market on November 1, 2014, it discovered that the partial isolation of the EIM entity balancing authority area when it failed the test, as required by tariff section 29.34(n), was compromised unless it allowed the use of the last cleared economic bid (*i.e.*, the normal economic pricing mechanism that applies pursuant to tariff sections 27.1.1 and 34.20 and tariff appendix C). Accordingly, prior to November 1, the CAISO changed the implementation detail in section 10.3.2.1 of the EIM BPM to clarify that the last cleared economic bid applies in those circumstances. This change thus implemented the requirements of tariff sections 29.34(m) and 29.34(n).

This is consistent with the Commission's June 2014 directive that the CAISO add implementation detail regarding the flexible ramping sufficiency test to the EIM BPM. The flexible ramping sufficiency test was added to the EIM BPM initially pursuant to that Commission directive, which was issued in response to earlier Powerex arguments. Now, however, Powerex argues that the CAISO *should not* have included the change to section 10.3.2.1. Powerex is incorrect for the reasons explained in this answer.

Moreover, contrary to Powerex's and WPTF's arguments, the change to section 10.3.2.1 has in no way detrimentally affected the results of the Energy Imbalance Market. In fact, the CAISO has applied the revised provisions infrequently and only during the initial implementation of that market from

November 1 to November 13, 2014. During the Commission-approved tariff waiver period, in place since November 14, 2014, the CAISO has not applied the revised section 10.3.2.1 flexibility ramping sufficiency test because the tariff waiver pricing procedure applies in all intervals, regardless of a failure of that test.

Powerex also fails to demonstrate any legal or factual basis to support its request that the Commission initiate a show cause proceeding. There is none. Rather, Powerex's and WPTF's arguments that the CAISO surreptitiously implemented the change to EIM BPM section 10.3.2.1 are incorrect and are belied by the open and transparent process the CAISO conducted pursuant to its standard and public BPM change management process. This process involved the CAISO issuing several market notices announcing the change, discussing the change in public meetings, and providing stakeholders, including Powerex and WPTF, with opportunities to comment. That Powerex and WPTF apparently chose not participate in that process does not somehow make the process any less transparent.

I. Background

A. Tariff Provisions to Implement Flexible Ramping Requirements in the Energy Imbalance Market

The tariff provisions that implement the Energy Imbalance Market are designed to ensure that each EIM entity has sufficient resources to meet load reliably while still realizing the benefits of increased resource diversity. These

provisions require EIM entities to balance base schedules, require feasible EIM base schedules, and implement flexible ramping requirements.

The flexible ramping requirements are addressed in CAISO tariff sections 29.34(m) and 29.34(n). First, section 29.34(m) addresses the flexible ramping constraint capacity requirement, which is a minimum requirement for each balancing authority area in the EIM area and each combination thereof based upon the EIM transfer limit between balancing authority areas.⁴ The CAISO establishes a flexible ramping constraint capacity requirement for each EIM entity balancing authority area using its demand and variable energy resource forecasts for each balancing authority area in the EIM area and each combination of balancing authorities.⁵ The CAISO reviews EIM resource plans to determine if sufficient bids exist to meet those requirements pursuant to procedures set forth in the EIM BPM.⁶ The CAISO reduces the requirement for each participating balancing authority by its pro rata share of a calculated diversity benefit, which may be limited by the available net import EIM transfer capability into the balancing authority area.⁷

If an EIM entity balancing authority area has a net outgoing EIM transfer (*i.e.*, a net export with reference to the EIM base schedule) before the operating hour, the CAISO must “apply a Flexible Ramping Constraint capacity

⁴ Tariff section 29.34(m)(2).

⁵ Tariff section 29.34(m)(3).

⁶ Tariff section 29.34(m)(4)(A).

⁷ Tariff section 29.34(m)(4)(B).

requirement credit in determining the sufficiency of the Flexible Ramping Constraint capacity for that EIM Entity Balancing Authority Area equal to the net outgoing EIM Transfer before the Operating Hour.”⁸ If, on the other hand, the EIM entity balancing authority area has a net incoming EIM transfer before the operating hour (*i.e.*, a net import with reference to the EIM base schedule), then the CAISO will consider the flexible ramping constraint capacity of the EIM entity balancing authority area to be sufficient if it meets its own flexible ramping constraint capacity requirement, irrespective of the incoming EIM transfer that results from real-time dispatch.⁹

Second, section 29.34(n) addresses the effect of resource plan insufficiency. If the CAISO determines that the EIM resource plan has insufficient supply, the CAISO is required to take three actions to effectuate partial isolation of the EIM entity balancing authority area from the other balancing authority areas:

- “(A) the CAISO will not include the EIM Entity Balancing Authority Area in any Flexible Ramping Constraints for any combination of Balancing Authority Areas;
- (B) the CAISO will formulate only individual constraints for the EIM Entity Balancing Authority Area’s individual Flexible Ramping Constraint capacity requirements; and

⁸ Tariff section 29.34(m)(4)(C).

⁹ Tariff section 29.34(m)(4)(D).

(C) the CAISO will hold the EIM Transfer limit into the EIM Entity Balancing Authority Area at the value for the last 15-minute interval.”¹⁰

The CAISO must take these three actions to effectuate partial isolation of the EIM entity balancing authority area if the CAISO “determines that [the] EIM Entity Balancing Authority Area has insufficient Flexible Ramping Constraint capacity according to Section 29.34(m).”¹¹ The CAISO takes the actions in order to partially isolate the EIM entity balancing authority area when the EIM entity fails the flexible ramping sufficiency test and to require it to meet its flexible ramping requirement by relying on its own resources, without “leaning” on other EIM entities or the CAISO.¹²

B. Commission Directives Regarding the Flexible Ramping Requirements

The Commission approved tariff sections 29.34(m) and 29.34(n) in its June 19, 2014, order conditionally accepting the tariff revisions to implement the Energy Imbalance Market.¹³

In the June 19 Order, the Commission rejected Powerex’s request that certain provisions the CAISO proposed to include in the EIM BPM, including

¹⁰ Tariff section 29.34(n)(1)(A)-(C).

¹¹ Tariff section 29.34(n)(2).

¹² *Cal. Indep. Sys. Operator Corp.*, 147 FERC ¶ 61,231, at P 44 (2014) (“June 19 Order”).

¹³ June 19 Order at PP 74, 77, 284, 287, and Ordering Paragraph (A). The CAISO subsequently submitted the required minor tariff changes in a compliance filing that the Commission accepted in *California Independent System Operator Corporation*, 149 FERC ¶ 61,058, at P 81 (2014).

provisions regarding the flexible ramping requirements, instead be included in the tariff.¹⁴ Based on its preliminary analysis, the Commission found that “it appears that the proposed EIM tariff revisions contain the important factors through which CAISO will operate the EIM and that the implementation specifics can be classified as implementation details that may be placed in the business practice manual,” and found that “the detail included in proposed section 29 seems to be consistent with the detail provided in the current CAISO tariff with respect to CAISO’s other markets.”¹⁵ Therefore, the Commission stated that it “will not require CAISO to describe these technical specifications in the CAISO tariff at this time.”¹⁶ Instead, the Commission directed the CAISO to continue working with stakeholders to develop the EIM BPM and, after completing that stakeholder process, to file any necessary additions to its tariff identified in the stakeholder process.¹⁷ The CAISO and stakeholders did not subsequently identify any provisions regarding the flexible ramping requirements that needed to be included in the tariff.

The Commission also addressed Powerex’s argument that the CAISO should provide additional detail regarding the flexible ramping constraint capacity requirement.¹⁸ The Commission directed the CAISO to “include in its EIM

¹⁴ See June 19 Order at P 90.

¹⁵ *Id.* at P 96.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ See *id.* at P 112.

business practice manual a description of its proposed [resource] sufficiency tests,” including its test for determining whether a balancing authority area has fulfilled its flexible ramping constraint capacity requirement.¹⁹ The CAISO provided the required description in section 10.3.2.1 of the EIM BPM, entitled “Flexible Ramp Sufficiency Test Details.”

C. Section 10.3.2.1 of the EIM BPM

1. Section 10.3.2.1 Prior to the Change

Consistent with the Commission’s directive, the CAISO included several pages of implementation detail regarding the flexible ramping sufficiency test in section 10.3.2.1 of the EIM BPM. Before the CAISO made the change to section 10.3.2.1 discussed below, the section included the following detail regarding what happens if the EIM entity balancing authority area fails that test:

In RTUC [real-time unit commitment] and RTD [real-time dispatch], the flexible ramping capacity requirement constraints for the CAISO BAA [balancing authority area], each EIM Entity BAA, each EIM Entity BAA group, and the total EIM footprint must be enforced:

- If the EIM Entity BAA fails the sufficient ramp test, CAISO will restrict EIM Transfer imports into that EIM Entity BAA during the hour starting at T beyond the optimal solution for T-7.5’. The Market Operator (CAISO) will enforce the individual EIM Entity BAA flexible ramp requirement in the isolated EIM Entity BAA and will not include that BAA in BAA group constraints.

The quoted bullet-point language in section 10.3.2.1 provides implementation detail regarding the three actions the CAISO takes under tariff section 29.34(n) to effectuate partial isolation of the EIM entity balancing authority area from the other balancing authority areas if the CAISO determines

¹⁹ *Id.* at P 124.

that the EIM entity balancing authority area has insufficient flexible ramping constraint capacity according to tariff section 29.34(m). Specifically, the BPM language stating that the CAISO “will restrict EIM Transfer imports into that EIM Entity BAA during the hour starting at T beyond the optimal solution for T-7.5” implements the provision in tariff section 29.34(n) stating that the CAISO “will hold the EIM Transfer limit into the EIM Entity Balancing Authority Area at the value for the last 15-minute interval.”²⁰ The BPM language stating that the CAISO “will enforce the individual EIM Entity BAA flexible ramp requirement in the isolated EIM Entity BAA” implements the provision in section 29.34(n) stating that the CAISO “will not include the EIM Entity Balancing Authority Area in any Flexible Ramping Constraints for any combination of Balancing Authority Areas.”²¹ Lastly, the BPM language stating that the CAISO “will not include that BAA in BAA group constraints” implements the provision in section 29.34(n) stating that the CAISO “will formulate only individual constraints for the EIM Entity Balancing Authority Area’s individual Flexible Ramping Constraint capacity requirements.”²²

2. Need for the Change to Section 10.3.2.1

Following issuance of the June 19 Order, the CAISO worked with stakeholders to develop the provisions regarding the flexible ramping requirements and other provisions to be included in EIM BPM and take the other

²⁰ See tariff section 29.34(n)(1)(C).

²¹ See tariff section 29.34(n)(1)(A).

²² See tariff section 29.34(n)(1)(B).

steps needed to prepare for the start of the Energy Imbalance Market on November 1, 2014.²³

Before the CAISO started performing non-binding Energy Imbalance Market operations in preparation for the start of that market, the CAISO believed it could use the transmission and power balancing constraint penalty price (*i.e.*, \$1,000/MWh) set forth in tariff sections 27.4.3.2 and 27.4.3.4 to set energy prices in the Energy Imbalance Market during intervals when the EIM entity failed the flexible ramping sufficiency test contained in section 10.3.2.1 of the EIM BPM.²⁴ However, while the CAISO was performing the preparatory operations in October 2014, it discovered that use of the penalty price during those intervals hampered the partial isolation of the EIM entity balancing authority area from the other balancing authority areas required by tariff section 29.34(n). This was because during such intervals the use of the penalty price acted as an artificial constraint in the Energy Imbalance Market, which was contrary to the tariff requirement that the CAISO “formulate only individual constraints for the EIM Entity Balancing

²³ Specifically, the CAISO’s market rules went into effect on October 24, 2014, for the first trading day November 1, 2014. See Commission Letter Order, 149 FERC ¶ 61,005 (Oct. 2, 2014) (order granting CAISO request to extend effective date of Energy Imbalance Market tariff revisions from September 23, 2014, to October 24, 2014, for trading day November 1, 2014).

²⁴ Tariff section 27.4.3.2 states that, for the purpose of determining how the relaxation of a transmission constraint will affect the determination of prices in the real-time market, the CAISO will set the pricing parameter at the maximum energy bid price specified in tariff section 39.6.1.1, which is \$1,000/MWh. When the market works as expected, this parameter appropriately reflects the cost to the market of the lack of economic energy supply bids that would have been necessary to avoid relaxing the transmission constraint. Similarly, tariff section 27.4.3.4 states that for the real-time market in instances where energy offers are insufficient to meet the CAISO forecast of CAISO demand, the market software will relax the system energy-balance constraint (also called the power balance constraint) using the same pricing parameter that applies to the relaxation of the transmission constraints, namely, the maximum energy bid price specified in section 39.6.1.1.

Authority Area's individual Flexible Ramping Constraint capacity requirements."²⁵

The penalty price acted as an "artificial constraint" because it forced the prices to the \$1,000/MWh maximum energy bid price when the EIM entity is required to manage its system in partial isolation and to take actions to manage its system within the available flexible capacity. In such cases, the penalty price would erroneously set the market clearing price based on a parameter (the maximum energy bid price) that should only apply when actual constraints bind. Use of the penalty price also prevented the market from reflecting the actions the EIM entity must take to optimize the full scope of flexibility on its system during such intervals without leaning on other EIM entities or the CAISO.

The CAISO concluded that the only way it could effectuate partial isolation of the EIM entity balancing authority area from the other balancing authority areas and not impose additional constraints during such intervals, as required by tariff section 29.34(n), was to use the last economic energy bid cleared in each such interval rather than using the penalty price. The CAISO uses the last economic bid cleared in the applicable 15-minute or 5-minute interval in the EIM entity balancing authority area when effective economic bids are sufficient to allow a feasible economic solution. Market participants pay or receive the applicable fifteen minute market or real-time dispatch (*i.e.*, 5-minute) locational marginal price, as determined using the dispatch interval locational marginal

²⁵ See tariff section 29.34(n)(1)(B).

prices, pursuant to tariff sections 27.1.1 and 34.20 and tariff appendix C.²⁶ The last economic energy bid price reflects the opportunity cost for reserving flexible ramping capacity during those intervals in which the EIM entity relies on its regulation service to balance its energy requirements. Thus, when the EIM entity balancing authority area was operating in partial isolation pursuant to tariff section 29.34(n), the CAISO would determine the energy price in that EIM entity balancing authority area using the economic pricing mechanism that normally governs under the CAISO tariff. This was the only way to effectuate the requirements of tariff section 29.34(n).

3. Process for Changing Section 10.3.2.1

On October 29, 2014, the CAISO issued a market notice pursuant to the tariff and the BPM for Change Management that announced the issuance of Proposed Revision Request (“PRR”) No. 788 to price energy using the last economic bid cleared in each interval when the EIM entity balancing authority area fails the flexible ramping sufficiency test.²⁷ Specifically, in PRR No. 788, the CAISO proposed the following underlined additions to section 10.3.2.1:

²⁶ The last economic bid price can be anywhere up to the level of the maximum energy bid price of \$1,000/MWh. The CAISO concluded that it would continue to use the existing scheduling run relaxation parameters for constraint relaxation, which would allow the market solution to use all economic bids up to the \$1,000/MWh maximum price. However, the CAISO concluded that it would cease using the existing pricing run relaxation parameters because using them would set the price to \$1,000/MWh based on apparent artificial constraint conditions rather than actual constraint conditions.

²⁷ The CAISO initiated PRR No. 788 pursuant to its authority to issue a “Category C” Proposed Revision Request on an emergency basis. See tariff sections 22.11.1.1, 22.11.1.4, 22.11.1.7; BPM for Change Management, sections 2.3, 2.4.3, 2.6. As discussed below, the CAISO subsequently issued additional market notices regarding PRR No. 788 that followed the normal procedures for reviewing Proposed Revision Requests as set forth in the tariff and the BPM for Change Management. The October 29 market notice and the CAISO’s subsequent

In RTUC and RTD, the flexible ramping capacity requirement constraints for the CAISO BAA, each EIM Entity BAA, each EIM Entity BAA group, and the total EIM footprint must be enforced:

- If the EIM Entity BAA fails the sufficient ramp test or is deemed to have failed the test as specified in Section 10.3.2 because it failed the capacity (resource plan) test, CAISO will restrict EIM Transfer imports into that EIM Entity BAA during the hour starting at T beyond the optimal solution for T-7.5'. The Market Operator (CAISO) will enforce the individual EIM Entity BAA flexible ramp requirement in the isolated EIM Entity BAA and will not include that BAA in BAA group constraints. For the duration of the restricted interval, the market clearing price in the affected EIM Entity BAA will be the last economic Bids cleared in the applicable 15-minute or five minute interval in the EIM Entity BAA.

The first underlined sentence was a “clean up” change, and the second underlined sentence provided the implementation detail regarding pricing that was necessary to effectuate the partial isolation of the EIM entity balancing authority area from other balancing authority areas as required by tariff section 29.34(n).

In accordance with the normal procedures for reviewing Proposed Revision Requests, the October 29 market notice provided 10 business days for market participant comments on the change to section 10.3.2.1.²⁸ On November 7, 2014, the CAISO issued a market notice stating that it would discuss the change to section 10.3.2.1 at the monthly BPM change management web conference with market participants to be held on November 18, 2014.²⁹

market notices regarding PRR No. 788 are provided in Attachment A to this filing. PRR No. 788 and related materials electronically linked to it are provided in Attachment B to this filing.

²⁸ See tariff section 22.11.1.5; BPM for Change Management, section 2.4.4.

²⁹ See *id.*

Following the web conference, on November 25, 2014, the CAISO issued another market notice recommending adoption of the change to section 10.3.2.1 and giving market participants 10 business days to comment on that recommendation.³⁰ Southern California Edison Company (“SCE”) was the only market participant that commented. SCE “request[ed] the CAISO to provide more information for the need for this BPM change and the expected results. SCE also questions if this should be a tariff change as opposed to a BPM change.” On December 16, 2014, the CAISO responded that “[w]e intended the change to be permanent with respect to the flexible ramping sufficiency test. In our view this change does not require a tariff amendment.”³¹

On December 8, 2014, the CAISO issued a market notice stating that it would discuss the recommended change to section 10.3.2.1 at the monthly BPM change management web conference with market participants to be held on December 16, 2014.³² On January 5, 2015, the CAISO issued a market notice stating it had made a final decision to approve the change to section 10.3.2.1.³³ The January 5 market notice also provided 10 business days for market

³⁰ See tariff section 22.11.1.5; BPM for Change Management, sections 2.4.4, 2.4.5.

³¹ See the materials related to PRR No. 788 in Attachment B. SCE also commented that “[t]his change was part of the request at FERC for 90 day [waiver] to use the least economic bid instead of the \$1000/MWh price cap when relaxing certain constraints in the EIM Entity Area. This change to the BPM would appear to make it permanent for the ramp test.” However, SCE did not subsequently appeal PRR No. 788 or make a similar comment in a submittal to the Commission.

³² See tariff section 22.11.1.5; BPM for Change Management, section 2.4.5.

³³ See tariff section 22.11.1.5; BPM for Change Management, sections 2.4.8, 2.4.9.

participants to appeal that final decision.³⁴ No market participant filed an appeal of the final decision to change section 10.3.2.1. Lastly, on January 14, 2015, the CAISO issued a market notice announcing that the change to section 10.3.2.1 had been moved to final decision status.

II. Answer

A. Powerex's and WPTF's Supplemental Filings Are Beyond the Scope of This Proceeding.

Although Powerex and WPTF describe their filings as supplemental protests, those filings do not address any of the tariff revisions contained in the January 15 Tariff Filing. Instead, Powerex and WPTF object to the change that the CAISO made to section 10.3.2.1 of the EIM BPM, arguing that the change results in the CAISO calculating prices inconsistent with existing tariff provisions.

Powerex's and WPTF's filings have nothing to do with whether the proposed tariff revisions are just and reasonable. They provide no basis for rejecting or modifying the tariff revisions or for delaying Commission action.³⁵

³⁴ See tariff section 22.11.1.6; BPM for Change Management, section 2.4.10.

³⁵ *Cal. Indep. Sys. Operator Corp.*, 150 FERC ¶ 61,086, at PP 13-14 (2015) ("February 12 Order"). As the CAISO has explained in this proceeding (see transmittal letter for January 15 Tariff Filing at 7-8, 15-16), the Commission previously granted the CAISO's petition for limited waiver of tariff section 27.4.3.2 and the second sentence of tariff section 27.4.3.4 with regard to the PacifiCorp (PacifiCorp East and PacifiCorp West) balancing authority areas, in order to allow the CAISO to clear the real-time market based on the marginal economic bid instead of the \$1,000/MWh pricing parameter specified in those tariff sections, for a 90-day period that ran from November 14, 2014, through February 12, 2015. *Cal. Indep. Sys. Operator Corp.*, 149 FERC ¶ 61,194 (2014). As discussed above, the February 12 Order has extended the tariff waiver. The CAISO has also filed a petition for limited waiver of those tariff sections with regard to the PacifiCorp balancing authority areas, for the period from November 1, 2014, through November 13, 2014, that is currently pending before the Commission in Docket No. ER15-817-000. The January 15 Tariff Filing proposes to revise tariff section 29.27 to extend to each new EIM entity, for a 12-month transition period after the new EIM entity commences operations, the same treatment of those tariff sections. The January 15 Tariff Filing also proposes to revise section 29.27 to state that, for the same 12-month transition period, the CAISO will set the flexible

These “supplemental protests” should thus be rejected as beyond the scope of this proceeding.³⁶

Powerex’s and WPTF’s filings should also be rejected as impermissible attempts to circumvent the requirements of Section 206 of the Federal Power Act. A party that challenges existing practices that a utility does not propose to revise in a Section 205 filing – as Powerex and WPTF seek to do here –must seek relief under Section 206. A party seeking relief under Section 206 must submit a complaint under that section; it may not seek such relief in a protest or other pleading submitted in connection with the utility’s filing under Section 205.³⁷ By submitting their unfounded challenges to the change in section 10.3.2.1 as supplemental protests to a wholly unrelated tariff amendment filing, Powerex and WPTF violated this fundamental rule of Commission procedure. The

ramping constraint relaxation parameter specified in tariff section 27.10 between \$0 and \$0.01 for the new EIM entity’s balancing authority area.

³⁶ See, e.g., *PJM Interconnection, L.L.C.*, 116 FERC ¶ 61,038, at P 35 (2006) (“Protestors who seek changes regarding the independence of the MMU and its reporting obligations are making recommendations that are not raised in this filing and are therefore beyond the scope of this proceeding. We see no reason to institute a section 206 proceeding to address matters that are more global than the issues properly before us.”); *Sithe Edgar LLC*, 95 FERC ¶ 61,230, at 61,795 (2001) (denying request for rehearing and upholding Commission’s decision to summarily reject a “protest on the grounds that the protest was not related to the change in status that [was] the subject of [the] proceeding.”).

³⁷ See, e.g., *PJM Interconnection, L.L.C.*, 135 FERC ¶ 61,198, at P 66 (2011) (“Furthermore, by requesting that the Commission find that ATSI’s rate design is unjust and unreasonable, Buckeye’s request is, in effect, a complaint. The Commission has established that complaints should be separately filed and should not be included as part of a protest.”); *Entergy Serv., Inc.*, 104 FERC ¶ 61,084, at P 13 (2003) (“With respect to ExxonMobil’s request that the Commission direct Entergy to reclassify the Original Transmission Facilities as network upgrades rather than direct assignment facilities, we note that ExxonMobil’s request is, in effect, a complaint and should be separately filed as a complaint, and not included as part of its protest in this proceeding.”).

Commission should deny their improper attempts to circumvent the requirements of Section 206 and the Commission's procedures.

B. The CAISO's Change to the Implementation Detail in the EIM BPM Was Necessary to Effectuate the Requirements of the Tariff.

Powerex and WPTF incorrectly argue that the change to section 10.3.2.1 of the EIM BPM results in the CAISO calculating prices in a manner inconsistent with the CAISO tariff.³⁸ The opposite is true: the CAISO changed section 10.3.2.1 of the EIM BPM to enable it to fully and effectively implement the provisions of tariff sections 29.34(m) and 29.34(n), using the normal economic pricing mechanism that applies pursuant to tariff sections 27.1.1 and 34.20 and tariff appendix C. Alternative approaches would have resulted in the CAISO potentially not complying with these tariff sections in the implementation of the partial isolation. Tariff section 29.34(n) requires the CAISO to take the three actions discussed above to effectuate partial isolation of the EIM entity balancing authority area if the CAISO determines that the EIM entity balancing authority area has insufficient flexible ramping constraint capacity according to tariff section 29.34(m).³⁹ Section 10.3.2.1 of the EIM BPM provides implementation detail regarding the actions the CAISO takes under tariff section 29.34(n) and describes how the CAISO determines whether the EIM entity balancing authority area has sufficient flexible ramping constraint capacity under tariff section 29.34(m). The pricing required to effectuate partial isolation of the EIM entity

³⁸ Powerex at 5-11; WPTF at 3-4.

³⁹ Tariff section 29.34(n)(2).

balancing authority area is implementation detail that the CAISO appropriately includes in section 10.3.2.1, just like the other implementation detail in section 10.3.2.1 that addresses how the CAISO effectuates such partial isolation. The change to section 10.3.2.1 also ensures that the CAISO continues to satisfy the directive in the June 19 Order that the CAISO “include in its EIM business practice manual a description of its proposed [resource] sufficiency tests,” including the flexible ramping sufficiency test.⁴⁰

Powerex and WPTF assert that, in making the change to section 10.3.2.1 of the EIM BPM, the CAISO pre-emptively bypassed the requirements of tariff sections 27.4.3.2, 27.4.3.4, and 27.10 that the CAISO subsequently sought to waive and address through tariff revisions.⁴¹ To the contrary, the change to section 10.3.2.1 simply allowed the CAISO to implement the provisions of tariff sections 29.34(m) and 29.34(n) consistent with the tariff’s normal economic pricing mechanism. Thus, there is no inconsistency with tariff sections 27.4.3.2, 27.4.3.4, and 27.10.⁴²

In contrast, the tariff waiver applies to a broader set of circumstances (including those contemplated in section 10.3.2.1). Pursuant to the waiver, the

⁴⁰ June 19 Order at P 124.

⁴¹ Similarly, Powerex and WPTF argue that the change to section 10.3.2.1 is inconsistent with the discussion in the stakeholder process for the Energy Imbalance Market tariff revisions. But no one in the stakeholder process anticipated, or could have anticipated, the need that later arose in October 2014 – only after parallel testing – to change section 10.3.2.1 in order to ensure that the CAISO could fully and effectively implement the requirements of tariff sections 29.34(m) and 29.34(n).

⁴² Even if there were an inconsistency, tariff section 29.1(c) states that in the event of an inconsistency between a provision in tariff section 29 and another provision of the tariff, the provision in tariff section 29 shall prevail. Therefore, tariff sections 29.34(m) and 29.34(n) would prevail.

CAISO sets all real-time market prices at the marginal economic bid price regardless of whether the EIM entity balancing authority area fails the flexible ramping sufficiency test. Therefore, when the tariff waiver went into effect on November 14, it become unnecessary for the CAISO to apply the change to section 10.3.2.1. If the Commission accepts the January 15 Tariff Filing, there will continue to be no need for the CAISO to use the change to section 10.3.2.1 to apply the provisions of sections 29.34(m) and 29.34(n). But if the tariff waiver period ends without being replaced by the proposed tariff revisions, the CAISO will need to employ the change to section 10.3.2.1 again to apply the these tariff provisions and avoid the penalty prices from acting like an additional constraint and undermining the efficacy of such tariff provisions as discussed above.⁴³

C. Powerex’s Request for a Show Cause Proceeding is Legally and Factually Flawed.

Powerex argues that the Commission should establish a proceeding pursuant to Section 206 of the Federal Power Act directing the CAISO to show cause why it has not violated its tariff.⁴⁴ Because the CAISO made the change to

⁴³ Powerex misreads the CAISO’s January 15, 2015, informational report to state that the CAISO has applied the change to section 10.3.2.1 of the EIM BPM while the tariff waiver has been in effect. See February 12 Order at P 14. That is not what the informational report says. The introductory discussion in the report that precedes the language that Powerex quotes, states that report is presenting counterfactual prices, i.e., the prices that would have existed if the tariff waiver were not in place. January 15 informational report at 10 (“In addition the prices for the counterfactual case in Figure 4 and Figure 5 were constructed based on the following two factors.”) The report goes on to explain that, assuming the waiver were not in place, the change to section 10.3.2.1 would have resulted in the same prices as if the waiver were in place. *Id.* at 11 (“For the duration of the restricted interval, the market clearing price in the affected EIM Entity balancing authority area will also be based [on] the tariff-based rules that look at the last economic bid cleared in the applicable fifteen-minute or five-minute interval in the EIM Entity balancing authority area. . . . Therefore, the original price for market intervals that had power balance infeasibilities and that failed the flexible ramp test will remain unchanged as they will not be set by relaxation parameter prices.”).

⁴⁴ Powerex at 14-16.

section 10.3.2.1 of the EIM BPM to fully and effectively implement the requirements of tariff sections 29.34(m) and 29.34(n), the Commission should deny Powerex's request for a show cause proceeding.⁴⁵ Further, Powerex is making a procedurally improper attempt to persuade the Commission to open a show cause proceeding in a filing other than a complaint. The Commission forbids this.⁴⁶

D. The Change to Section 10.3.2.1 of the EIM BPM Had Little or No Effect on Actual Market Results.

Powerex and WPTF argue that the change to section 10.3.2.1 of the EIM BPM has detrimentally affected market results.⁴⁷ They are incorrect. The CAISO applied the pricing described in section 10.3.2.1 (*i.e.*, the use of the last cleared economic bids in an interval where the EIM entity balancing authority area failed the flexible ramping sufficiency test) only infrequently during the initial implementation of the Energy Imbalance Market from November 1 to November 13, 2014. For the first 13 days of EIM implementation, only about one percent and five percent of real-time dispatch intervals in PacifiCorp East and PacifiCorp West, respectively, were subject to pricing based on the last cleared economic bid pursuant to the change to section 10.3.2.1. The majority of those instances occurred in the first six days of November. Further, if the Commission grants the

⁴⁵ See *PJM Interconnection, L.L.C.*, 116 FERC ¶ 61,038, at P 35 (finding that no reason existed to institute section 206 proceeding requested by protestors).

⁴⁶ See *American Elec. Power Serv. Corp.*, 93 FERC ¶ 61,329, at 62,122 (2000) (rejecting request for an investigation under Section 206 of the Federal Power Act made as part of a motion to intervene instead of in a separate complaint).

⁴⁷ Powerex at 13-14; WPTF at 3-4.

CAISO's pending petition for limited tariff waiver for the period November 1-13, 2014, the prices established pursuant to the Commission-approved waiver pricing mechanism will supersede the pricing described in section 10.3.2.1 for that period.

As explained above, during the period the tariff waiver has been in effect (*i.e.*, from November 14, 2014, until now), the pricing described in section 10.3.2.1 has not affected market results because the CAISO has not applied it.

E. The Change to EIM BPM was Implemented Pursuant to the Normal Open and Transparent BPM Change Management Process.

Powerex and WPTF argue that the CAISO changed section 10.3.2.1 of the EIM BPM through a unilateral process that they were surprised to hear about within just the last two weeks.⁴⁸ In fact, however, the CAISO followed the process set forth in its tariff and the BPM for Change Management.

As explained above, the CAISO issued a total of six market notices regarding the change to section 10.3.2.1. Powerex and members of WPTF are market participants who are provided with all CAISO market notices, and have the same opportunity as any other market participant to comment on the change to section 10.3.2.1. Yet, they did not exercise that opportunity. The Commission should disregard the suggestions that the CAISO did not implement the change through its standard open and transparent BPM change management process. That process ensures that the CAISO has a venue to promptly address implementation details with market participants. The CAISO followed all the

⁴⁸ Powerex at 4, 5, 10; WPTF at 3-4.

requirements of the process and appropriately exercised its rights to pursue the BPM change to incorporate these implementation details in the EIM BPM. A central purpose of the BPM process is to ensure that CAISO has the flexibility to make BPM changes when necessary.

Likewise, the CAISO clearly explained the effect of the change to section 10.3.2.1 in its December 15, 2014, and January 15, 2015, informational reports, including what pricing would have been absent the tariff waiver.⁴⁹

⁴⁹ December 15, 2014, informational report at 32; January 15, 2015, informational report at 7-8, 10-11, 41.

III. Conclusion

For the reasons explained above, the Commission should reject Powerex's and WPTF's filings as they are both procedurally and substantively without merit.

Respectfully submitted,

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Counsel for the California Independent System Operator Corporation

Dated: February 20, 2015

Attachment A

From: California ISO Communications <Marketnotices@caisocommunications.com>
Sent: Wednesday, October 29, 2014 2:56 PM
To:
Subject: BPM Change Management Proposed Revision Requests Posted 10/29/14

Market Notice



October 29, 2014

Categories
Business Practice Manual Change Management

Requested Client Action
Request for Comment

BPM Change Management Proposed Revision Requests Posted 10/29/14

Summary

This notice announces the posting and beginning of stakeholder review periods for new Proposed Revision Requests (PRRs) to Business Practice Manuals (BPM), and ISO recommendations and final decisions on previously submitted PRRs.

Main Text

The California ISO Business Practice Manuals (BPM) Change Management process enables the ISO and affected parties to propose and track all requested changes to ISO Business Practice Manuals, called Proposed Revision Requests (PRRs). All PRRs and related activity is publicly available through the BPM Change Management site at <http://bpmcm.caiso.com/Pages/default.aspx>

The ISO has posted to the BPM change management site the below referenced (1) newly initiated PRRs, (2) ISO recommendations and (3) final decisions on proposed BPM changes. The 10 business day comment period is now open on newly initiated PRRs and ISO recommendations, and the 10 business day appeals period is now open on ISO final decisions, beginning with the date of this market notice.

Please note that affected parties must register in order to submit a PRR or written comments.

New PRRs Posted, Comment Period Open 10/29/14 through 11/12/14

<i>PRR No.</i>	<i>PRR Title</i>	<i>Affected BPM</i>
788	Emergency: Section 10.3.2.1 flexible ramping capacity requirement update	Energy Imbalance Market

ISO Recommendations, No New Postings

ISO Final Decisions, No New Postings

For More Information Contact

Julia Payton at 916-608-1133 or jpayton@caiso.com

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P&CS/ComPRWS/sb



From: California ISO Communications <Marketnotices@caisocommunications.com>
Sent: Friday, November 07, 2014 2:00 PM
To:
Subject: BPM Change Management Web Conference on November 18, 2014

Market Notice



November 7, 2014

Categories
Business Practice Manual Change Management

Requested Client Action
Mark Your Calendar

BPM Change Management Web Conference on November 18, 2014

Summary

The California ISO is hosting its monthly Business Practice Manual change management web conference on Tuesday, November 18, 2014 from 1:00 p.m. to 2:30 p.m. (Pacific Time) to review proposed changes to Business Practice Manuals.

Main Text

In the interest of reducing stakeholder travel costs, the ISO will host a web conference for its Business Practice Manual (BPM) change management meeting on November 18, 2014 to review proposed changes to business practice manuals. All Proposed Revision Requests (PRRs) and related activity is publicly available through the BPM change management site at <http://bpmcm.caiso.com/Pages/default.aspx>.

Discussion items include the following PRRs in the *initial phase*:

PRR No.	PRR Title	Affected BPM
802	<u>Emergency: Automated multiple substitutions per resource</u>	Reliability Requirements
801	<u>Update to BPM configuration guides to limit calculations to ISO balancing authority area</u>	Settlements and Billing
800	<u>CMRI Name Change</u>	Definitions and Acronyms
799	<u>Emergency: Update BPM configuration guide for metered energy adjustment factor to modify the persistent deviation metric threshold test</u>	Settlements and Billing
798	<u>Updates to include BPM sections on market clearing and the credit portal as well as other credit management clean up items</u>	Credit Management
797	<u>Emergency: Updated BPM configuration guides for CC 8824 & CC8825 to add pass-thru bill component</u>	Settlements and Billing
796	<u>Emergency: Update CG PC real time price configuration to calculate the FMM MSS net LMP price and FMM MSS net MCC price calculation to include aggregated pnodes</u>	Settlements and Billing
795	<u>Emergency: Updated BPM configuration guides to remove pass-thru bill functionality for BCR uplift charge codes</u>	Settlements and Billing

794	<u>Updated configuration guides for settlement and cost allocations for flexible resource adequacy capacity in support of the FRAC-MOO project</u>	Settlements and Billing
793	Emergency: <u>Updated BPM configuration guide for PC spin non-spin no pay quantity PC to adjust formulation deriving negative billable quantities</u>	Settlements and Billing
792	Emergency: <u>Updated BPM configuration guide for CC 6470 to modify common RIE formulas for MSS resources</u>	Settlements and Billing
791	Emergency: <u>Updated BPM configuration guide for CC 6474 to remove reference to terminated charge code</u>	Settlements and Billing
790	Emergency: <u>Update BPM Configuration guide for Start-up and Minimum Load calculations associated with binding shut-down conditions</u>	Settlements and Billing
789	Emergency: <u>Update real time PC and CC 6477 - Real time imbalance energy offset configuration guides to account for the calculation of incremental RTD EIM transfer quantity</u>	Settlements and Billing
788	Emergency: <u>Section 10.3.2.1 flexible ramping capacity requirement update</u>	Energy Imbalance Market
787	<u>Use-Limited Resource Process Updates</u>	Reliability Requirements

Discussion items include the following PRRs in the *recommendation phase*:

PRR No.	PRR Title	Affected BPM
786	Emergency: <u>Flexible RA Capacity</u>	Reliability Requirements
785	Emergency: <u>Report Definitions</u>	Market Instruments
784	<u>Generating Unit Repowering Overview and Timeline, Change BPM Name to Generator Management</u>	Queue Management
783	<u>Outage Management System Replacement (OMS replacement)</u>	Outage Management
782	<u>Major Maintenance Adder Revisions</u>	Market Operations
781	Emergency: <u>FERC order 789</u>	Market Operations
780	<u>Change SLIC to outage management system</u>	Market Instruments
779	<u>Limited Operation Study procedures</u>	Queue Management
778	<u>Change SLIC to outage management system</u>	Market Operations
777	Emergency: <u>Updated settlement configuration guide to resolve potential neutrality issue</u>	Settlements and Billing
776	<u>Section 8 outage management system integration</u>	Reliability Requirements

These PRRs moved into *final decision status* since the last BPM meeting:

PRR No.	PRR Title	Affected BPM
774	<u>Add a section on modeling of the loop flow</u>	Congestion Revenue Rights
773	Emergency: <u>Application of break-even methodology to internal transmission elements</u>	Congestion Revenue Rights
772	Emergency: <u>Updated settlement configuration guides to support transaction ID Settlements publishing related to FNM Expansion initiative</u>	Settlements and Billing
771	Emergency: <u>Outage management system replacement</u>	Managing Full Network Model
754	<u>Reliability Demand Response Resource (RDRR)</u>	Market Operations
753	<u>Reliability Demand Response Resource (RDRR)</u>	Market Instruments

Meeting Details

Date: Tuesday, November 18, 2014
Time: 1:00 p.m. to 2:30 p.m. (Pacific Time)

Connection Instructions

Please connect 5-10 minutes prior to the conference to allow time for a short download.

Web Conference Information

Web Address (URL): <http://emsp.intellor.com/login/414774>
Call-in: Audio connection instructions will be presented after connection to the web conference

Telephone Only Participation

Please only use this dial-in method if unable to participate by web to ensure the ability to participate in Q&A.
Call-in: 888-621-9649
Passcode: 414774#

Technical Support

<http://emsp.intellor.com/portal/caisoPM1> or contact AT&T Connect support at 1-888-796-6118.

For More Information Contact

Julia Payton at 916-608-1133 or jpayton@caiso.com
Kristina Osborne at 916-608-7237 or kosborne@caiso.com

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From: California ISO Communications <Marketnotices@caisocommunications.com>
Sent: Tuesday, November 25, 2014 3:08 PM
To:
Subject: BPM Change Management Proposed Revision Requests Posted 11/25/14

Market Notice

November 25, 2014



Categories

Business Practice Manual Change Management

Requested Client Action

Request for Comment

BPM Change Management Proposed Revision Requests Posted 11/25/14

Summary

This notice announces the posting and beginning of stakeholder review periods for new Proposed Revision Requests (PRRs) to Business Practice Manuals (BPM), and ISO recommendations and final decisions on previously submitted PRRs.

Main Text

The California ISO Business Practice Manuals (BPM) Change Management process enables the ISO and affected parties to propose and track all requested changes to ISO Business Practice Manuals, called Proposed Revision Requests (PRRs). All PRRs and related activity is publicly available through the BPM Change Management site at <http://bpmcm.caiso.com/Pages/default.aspx>.

The ISO has posted to the BPM change management site the below referenced (1) newly initiated PRRs, (2) ISO recommendations and (3) final decisions on proposed BPM changes. The 10 business day comment period is now open on newly initiated PRRs and ISO recommendations, and the 10 business day appeals period is now open on ISO final decisions, beginning with the date of this market notice.

Please note that affected parties must register in order to submit a PRR or written comments.

New PRRs Posted, No New Postings

ISO Recommendations, Comment Period Open 11/25/14 through 12/11/14

<i>PRR No.</i>	<i>PRR Title</i>	<i>Affected BPM</i>
801	Emergency: <u>Update to BPM configuration guides to limit calculations to ISO balancing authority area</u>	Settlements and Billing
800	<u>CMRI Name Change</u>	Definitions and Acronyms
799	Emergency: <u>Update BPM configuration guide for metered energy adjustment factor to modify the persistent deviation metric threshold test</u>	Settlements and Billing

798	<u>Updates to include BPM sections on market clearing and the credit portal as well as other credit management clean up items</u>	Credit Management
797	<u>Emergency: Updated BPM configuration guides for CC 8824 & CC8825 to add pass-thru bill component</u>	Settlements and Billing
796	<u>Emergency: Update CG PC real time price configuration to calculate the FMM MSS net LMP price and FMM MSS net MCC price calculation to include aggregated nodes</u>	Settlements and Billing
795	<u>Emergency: Updated BPM configuration guides to remove pass-thru bill functionality for BCR uplift charge codes</u>	Settlements and Billing
794	<u>Updated configuration guides for settlement and cost allocations for flexible resource adequacy capacity in support of the FRAC-MOO project</u>	Settlements and Billing
793	<u>Emergency: Updated BPM configuration guide for PC spin non-spin no pay quantity PC to adjust formulation deriving negative billable quantities</u>	Settlements and Billing
792	<u>Emergency: Updated BPM configuration guide for CC 6470 to modify common RIE formulas for MSS resources</u>	Settlements and Billing
791	<u>Emergency: Updated BPM configuration guide for CC 6474 to remove reference to terminated charge code</u>	Settlements and Billing
790	<u>Emergency: Update BPM Configuration guide for Start-up and Minimum Load calculations associated with binding shut-down conditions</u>	Settlements and Billing
789	<u>Emergency: Update real time PC and CC 6477 - Real time imbalance energy offset configuration guides to account for the calculation of incremental RTD EIM transfer quantity</u>	Settlements and Billing
788	<u>Emergency: Section 10.3.2.1 flexible ramping capacity requirement update</u>	Energy Imbalance Market

ISO Final Decisions, Appeal Period Open 11/25/14 through 12/11/14

<i>PRR No.</i>	<i>PRR Title</i>	<i>Affected BPM</i>
777	<u>Emergency: Updated settlement configuration guide to resolve potential neutrality issue</u>	Settlements and Billing

For More Information Contact

Julia Payton at 916-608-1133 or jpayton@caiso.com
 Kristina Osborne at 916-608-7237 or kosborne@caiso.com

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From: California ISO Communications <Marketnotices@caisocommunications.com>
Sent: Monday, December 08, 2014 1:00 PM
To:
Subject: BPM Change Management Web Conference on December 16, 2014

Market Notice

December 8, 2014



Categories
 Business Practice Manual Change Management

Requested Client Action
 Mark Your Calendar

BPM Change Management Web Conference on December 16, 2014

Summary

The California ISO is hosting its monthly Business Practice Manual change management web conference on Tuesday, December 16, 2014 from 1:00 p.m. to 2:00 p.m. (Pacific Time) to review proposed changes to Business Practice Manuals.

Main Text

In the interest of reducing stakeholder travel costs, the ISO will host a web conference for its Business Practice Manual (BPM) change management meeting on December 16, 2014 to review proposed changes to business practice manuals. All Proposed Revision Requests (PRRs) and related activity is publicly available through the BPM change management site at <http://bpmcm.caiso.com/Pages/default.aspx>.

Discussion items include the following PRRs in the *initial phase*:

PRR No.	PRR Title	Affected BPM
804	Emergency: <u>Update real time congestion PC and CC 6985 configuration formulas for settlement of intertie resource shared between multiple energy imbalance market balancing authority areas</u>	Settlements and Billing
803	<u>Annual SCP grandfathering notification process update</u>	Reliability Requirements

Discussion items include the following PRRs in the *recommendation phase*:

PRR No.	PRR Title	Affected BPM
802	Emergency: <u>Automated multiple substitutions per resource</u>	Reliability Requirements
801	<u>Update to BPM configuration guides to limit calculations to ISO balancing authority area</u>	Settlements and Billing
800	<u>CMRI name change</u>	Definitions and Acronyms
799	Emergency: <u>Update BPM configuration guide for metered energy adjustment factor to modify the persistent deviation metric threshold test</u>	Settlements and Billing

798	<u>Updates to include BPM sections on market clearing and the credit portal as well as other credit management clean up items</u>	Credit Management
797	<u>Emergency: Updated BPM configuration guides for CC 8824 & CC8825 to add pass-thru bill component</u>	Settlements and Billing
796	<u>Emergency: Update CG PC real time price configuration to calculate the FMM MSS net LMP price and FMM MSS net MCC price calculation to include aggregated nodes</u>	Settlements and Billing
795	<u>Emergency: Updated BPM configuration guides to remove pass-thru bill functionality for BCR uplift charge codes</u>	Settlements and Billing
794	<u>Updated configuration guides for settlement and cost allocations for flexible resource adequacy capacity in support of the FRAC-MOO project</u>	Settlements and Billing
793	<u>Emergency: Updated BPM configuration guide for PC spin non-spin no pay quantity PC to adjust formulation deriving negative billable quantities</u>	Settlements and Billing
792	<u>Emergency: Updated BPM configuration guide for CC 6470 to modify common RIE formulas for MSS resources</u>	Settlements and Billing
791	<u>Emergency: Updated BPM configuration guide for CC 6474 to remove reference to terminated charge code</u>	Settlements and Billing
790	<u>Emergency: Update BPM configuration guide for Start-up and minimum load calculations associated with binding shut-down conditions</u>	Settlements and Billing
789	<u>Emergency: Update real time PC and CC 6477 - Real time imbalance energy offset configuration guides to account for the calculation of incremental RTD EIM transfer quantity</u>	Settlements and Billing
788	<u>Emergency: A Section 10.3.2.1 flexible ramping capacity requirement update</u>	Energy Imbalance Market
787	<u>Use-limited resource process updates</u>	Reliability Requirements

These PRRs moved into **final decision status** since the last BPM meeting:

PRR No.	PRR Title	Affected BPM
786	<u>Emergency: A Flexible RA capacity</u>	Reliability Requirements
785	<u>Emergency: A Report definitions</u>	Market Instruments
784	<u>Generating unit repowering overview and timeline, change BPM name to generator management</u>	Queue Management
783	<u>Outage management system replacement</u>	Outage Management
782	<u>Major maintenance adder revisions</u>	Market Operations
781	<u>Emergency: A FERC order 789</u>	Market Operations
780	<u>Change SLIC to outage management system</u>	Market Instruments
779	<u>Limited operation study procedures</u>	Queue Management
778	<u>Change SLIC to outage management system</u>	Market Operations
777	<u>Emergency: A Updated settlement configuration guide to resolve potential neutrality issue</u>	Settlements and Billing
776	<u>Section 8 outage management system integration</u>	Reliability Requirements

Meeting Details

Date: Tuesday, December 16, 2014

Time: 1:00 p.m. to 2:00 p.m. (Pacific Time)

Connection Instructions

Please connect 5-10 minutes prior to the conference to allow time for a short download.

Web Conference Information

Web Address (URL): <http://emsp.intellor.com/login/414775>

Call-in: Audio connection instructions will be presented after connection to the web conference

Telephone Only Participation

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Passcode: **414775#**

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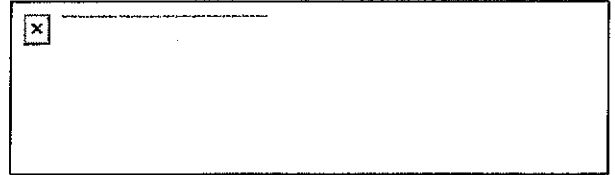
P&CS/ComPR/WS/sb



From: California ISO Communications <marketnotices@caisocommunications.com>
Sent: Monday, January 05, 2015 12:48 PM
To:
Subject: BPM Change Management Proposed Revision Requests Posted 1/5/15

Market Notice

January 5, 2015



Categories
Business Practice Manual Change Management

Requested Client Action
Request for Comment

BPM Change Management Proposed Revision Requests Posted 1/5/15

Summary

This notice announces the posting and beginning of stakeholder review periods for new Proposed Revision Requests (PRRs) to Business Practice Manuals (BPM), and ISO recommendations and final decisions on previously submitted PRRs.

Main Text

The California ISO Business Practice Manuals (BPM) Change Management process enables the ISO and affected parties to propose and track all requested changes to ISO Business Practice Manuals, called Proposed Revision Requests (PRRs). All PRRs and related activity is publicly available through the BPM Change Management site at <http://bpmcm.caiso.com/Pages/default.aspx>.

The ISO has posted to the BPM change management site the below referenced (1) newly initiated PRRs, (2) ISO recommendations and (3) final decisions on proposed BPM changes. The 10 business day comment period is now open on newly initiated PRRs and ISO recommendations, and the 10 business day appeals period is now open on ISO final decisions, beginning with the date of this market notice.

Please note that affected parties must register in order to submit a PRR or written comments.

New PRRs Posted, No New Postings

ISO Recommendations, No New Postings

ISO Final Decisions, Appeal Period Open 1/5/15 through 1/20/15

<i>PRR No.</i>	<i>PRR Title</i>	<i>Affected BPM</i>
787	<u>Use-Limited Resource Process Updates</u>	Reliability Requirements
788	<u>Emergency: Section 10.3.2.1 flexible ramping capacity requirement update</u>	Energy Imbalance Market
802	<u>Emergency: Automated Multiple Substitutions per Resource</u>	Reliability Requirements

For More Information Contact

Julia Payton at 916-608-1133, jpayton@caiso.com or Kristina Osborne at 916-608-7237, kosborne@caiso.com

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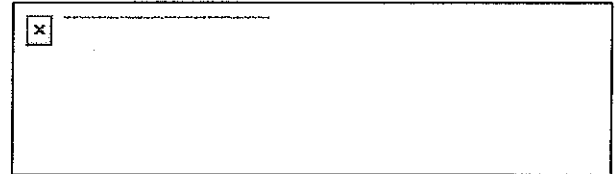
[Glossary of terms and acronyms](#)

P&CS/ComPRWS/ds



From: California ISO Communications <marketnotices@caisocommunications.com>
Sent: Wednesday, January 14, 2015 12:59 PM
To:
Subject: BPM Change Management Web Conference on January 27, 2015

Market Notice



January 14, 2015

Categories
Business Practice Manual Change Management

Requested Client Action
Mark Your Calendar

BPM Change Management Web Conference on January 27, 2015

Summary

The California ISO is hosting its monthly Business Practice Manual change management web conference on Tuesday, January 27, 2015 from 1:00 p.m. to 2:00 p.m. (Pacific Time) to review proposed changes to Business Practice Manuals.

Main Text

In the interest of reducing stakeholder travel costs, the ISO will host a web conference for its Business Practice Manual (BPM) change management meeting on January 27, 2015 to review proposed changes to business practice manuals. All Proposed Revision Requests (PRRs) and related activity is publicly available through the BPM change management site at <http://bpmcm.caiso.com/Pages/default.aspx>.

Discussion items include the following PRRs in the *initial phase*:

PRR No.	PRR Title	Affected BPM
813	Emergency: Flexible ramp constraint penalty price	Market Operations
812	Emergency: Updated BPM configuration guide for measured demand over transmission access charge area and capacity procurement mechanism to calculate capacity procurement mechanism price when flexible capacity procurement mechanism is designated	Settlements and Billing
811	Metered subsystem (MSS) elections and participation change	Market Operations
810	Emergency: Change CAISO market results interface to customer market results interface	Market Operations
809	Emergency: Change CAISO market results interface to customer market results interface	Market Instruments
808	Emergency: CMRI name change from CAISO to customer	Scheduling Coordinator Certification and Termination
807	Language changes to documentation requirements	Metering
806	Emergency: Nodal group limit constraint changes	Market Operations
805	Emergency: Pay for performance enhancement	Market Operations

Discussion items include the following PRRs in the *recommendation phase*:

PRR No.	PRR Title	Affected BPM
804	<u>Emergency: Update real time congestion pre-calculation and charge code 6985 configuration formulas for settlement of intertie resource shared between multiple energy imbalance market balancing authority areas</u>	Settlements and Billing
803	<u>Annual standard capacity products grandfathering notification process update</u>	Reliability Requirements

These PRRs moved into *final decision status* since the last BPM meeting:

PRR No.	PRR Title	Affected BPM
802	<u>Emergency: Automated multiple substitutions per resource</u>	Reliability Requirements
801	<u>Update to BPM configuration guides to limit calculations to ISO balancing authority area</u>	Settlements and Billing
800	<u>CMRI name change</u>	Definitions and Acronyms
799	<u>Emergency: Update BPM configuration guide for metered energy adjustment factor to modify the persistent deviation metric threshold test</u>	Settlements and Billing
798	<u>Updates to include BPM sections on market clearing and the credit portal as well as other credit management clean up items</u>	Credit Management
797	<u>Emergency: Updated BPM configuration guides for charge code 8824 and 8825 to add pass-thru bill component</u>	Settlements and Billing
796	<u>Emergency: Update configuration guide pre-calculation real time price configuration to calculate the fifteen minute market metered subsystem net locational marginal price and fifteen minute market metered subsystem net marginal cost of congestion price calculation to include aggregated nodes</u>	Settlements and Billing
795	<u>Emergency: Updated BPM configuration guides to remove pass-thru bill functionality for bid cost recovery uplift charge codes</u>	Settlements and Billing
794	<u>Updated configuration guides for settlement and cost allocations for flexible resource adequacy capacity in support of the flexible resource adequacy criteria and must offer obligation project</u>	Settlements and Billing
793	<u>Emergency: Updated BPM configuration guide for pre-calculation spin non-spin no pay quantity pre-calculation to adjust formulation deriving negative billable quantities</u>	Settlements and Billing
792	<u>Emergency: Updated BPM configuration guide for charge code 6470 to modify common residual imbalance energy formulas for metered subsystem resources</u>	Settlements and Billing
791	<u>Emergency: Updated BPM configuration guide for charge code 6474 to remove reference to terminated charge code</u>	Settlements and Billing
790	<u>Emergency: Update BPM configuration guide for start-up and minimum load calculations associated with binding shut-down conditions</u>	Settlements and Billing
789	<u>Emergency: Update real time pre-calculation and charge code 6477 - real time imbalance energy offset configuration guides to account for the calculation of incremental real time dispatch energy imbalance market transfer quantity</u>	Settlements and Billing
788	<u>Emergency: Section 10.3.2.1 flexible ramping capacity requirement update</u>	Energy Imbalance Market
787	<u>Use-limited resource process updates</u>	Reliability Requirements

Meeting Details

Date: Tuesday, January 27, 2015

Time: 1:00 p.m. to 2:00 p.m. (Pacific Time)

Connection Instructions

Please connect 5-10 minutes prior to the conference to allow time for a short download.

Web Conference Information

Web Address (URL): <http://emsp.intellor.com/login/417771>

Call-in: Audio connection instructions will be available after connecting to the web conference

Telephone Only Participation

Please only use this dial-in method if unable to participate by web to ensure the ability to participate in Q&A.

Call-in: 888-621-9649, Passcode: 417771#

Technical Support

<http://emsp.intellor.com/portal/caisoPM1> or contact AT&T Connect support at 1-888-796-6118

For More Information Contact

Julia Payton at 916-608-1133 or jpayton@caiso.com

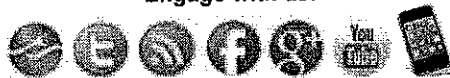
Kristina Osborne at 916-608-7237 or kosborne@caiso.com

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Attachment B

LOGIN

Proposed Revision Request Detail



PRR Life Cycle

Closed

PRR Details

PRR # 788
 Title Section 10.3.2.1 Flexible ramping capacity requirement_update
 Date Submitted 10/28/2014 10:12 AM
 PRR Category C
 Priority Emergency
 Owner Batakji, Jamal (CAISO)
 Status Closed
 Status End Date 1/20/2015 12:00 AM
 Related BPM Energy Imbalance Market
 BPM Section 10.3.2.1

Subscribe

Announcements

No Announcements has been posted for this PRR.

Impact Analysis

PRR Impact Analysis EIM BPM V2.doc

Notes:

Existing Language

see attached

Initial Comments

No Initial Comments available for this PRR.

Proposed Language

see attached

Recommendation Comments

Regarding: "For the duration of the restricted interval, the market clearing price in the affected EIM Entity BAA will be the last economic Bids cleared in the applicable 15-minute or five minute interval in the EIM Entity BAA."

This change was part of the request at FERC for 90 day waiver to use the least economic bid instead of the \$1000/MWh price cap when relaxing certain constraints in the EIM Entity Area. This change to the BPM would appear to make it permanent for the ramp test. This would reduce the incentive for additional

Reason For Revision

Clarification on the flexible ramping requirement constraints enforcement. Effective Date 11/1/14

Click here to view the Appeals for this PRR
 Click on the '*' icon to submit a New Appeal

of Appeals In Progress - 0
 # of Appeals Closed - 0
 # of Appeals Abandoned - 0

Click here to view the Recommendation Details for this PRR

Click here to view the Final Decision for this PRR

Attachments
 Section 10.3.2.1 Flexible ramping capacity requirement_update.docx

10.3.2.1 Flexible Ramp Sufficiency Test Details

The individual EIM Entity BAA requirement for the flexible ramp sufficiency test will be calculated for the second hour of the time horizon of RTUC and Short-Term Unit Commitment (STUC) runs as follows:

$$FRR'_i = \max\left(\max(0, FRR_i - NIC_i), FRR_i \frac{TFRR - DB}{TFRR} - NE_i\right)$$

Where:

- i is the BAA index in the EIM area
- FRR'_i is the flexible ramp requirement for the BAA Entity i with diversity benefit;
- FRR_i is the flexible ramp requirement for the EIM Entity i without diversity benefit;
- NIC_i is the available net import capability of the EIM Entity i , not consumed by Base Schedules or EIM scheduled transfers prior to the operating hour;
- $TFRR$ is the total flexible ramp requirement for the entire EIM footprint without diversity benefit (the sum of FRR_i for all BAAs in the EIM including the CAISO BAA);
- DB is the EIM diversity benefit; and
- NE_i is the flexible ramp credit equal to the net imbalance energy export before the operating hour.

This requirement reflects a pro rata share of potential EIM Diversity Benefit and the flexible ramping credit, up to the available net import capability. The EIM Diversity Benefit is the difference between the sum of the individual flexible ramping requirements of each BAA in the EIM Area and the flexible ramping requirement for the entire EIM Area taken as a whole.

The Market Operator will perform a series of flexible ramping constraint sufficiency tests prior to each hour. The EIM Entity Scheduling Coordinator will have an opportunity to re-submit Base Schedules if it fails the flexible ramping constraint sufficiency test or to resolve congestion up to 40 minutes prior to the operating hour, which is just before the start of the first financially binding EIM 15-minute market for the operating hour.

The flexible ramp sufficiency test is performed for each EIM Entity BAA after T-75', T-55', and T-40' for the trading hour starting at T. The test uses the initial schedules at T-7.5' and EIM resources energy bids and ramp rates.

The test for meeting flexible ramp requirements is cumulative for each 15' interval of the hour.

15' ramp from T-7.5' to T+7.5' (1st 15' interval)

30' ramp from T-7.5' to T+22.5' (2nd 15' interval)

45' ramp from T-7.5' to T+37.5' (3rd 15' interval)

60' ramp from T-7.5' to T+52.5' (4th 15' interval)

The test passes if all four cumulative tests pass; the test fails if any of the four cumulative tests fail.

In RTUC and RTD, the flexible ramping capacity requirement constraints for the CAISO BAA, each EIM Entity BAA, each EIM Entity BAA group, and the total EIM footprint must be enforced:

- If the EIM Entity BAA fails the sufficient ramp test or is deemed to have failed the test as specified in Section 10.3.2 because it failed the capacity (resource plan) test, CAISO will restrict additional EIM Transfer imports into that EIM Entity BAA during the hour starting at T beyond the optimal solution for T-7.5'. The Market Operator (CAISO) will enforce the individual EIM Entity BAA flexible ramp requirement in the isolated EIM Entity BAA and will not include that BAA in BAA group constraints. For the duration of the restricted interval, the market clearing price in the affected EIM Entity BAA will be the last economic Bids cleared in the applicable 15-minute or five minute interval in the EIM Entity BAA.
- If the EIM Entity BAA passes the sufficient ramp capacity test, the flexible ramp original requirement (no DB) shall be reduced by the available net import capacity. The Market Operator will enforce the constraint for each EIM Entity BAA, the CAISO BAA, each BAA group and total requirement with DB for the EIM footprint group for BAAs that pass the flexible ramping capacity test.
- The market model will map the corresponding resources that can provide the flexible ramping capacity for the EIM Entity BAA or EIM Entity BAA group constraints.
- The flexible ramp requirements for BAA groups can be potentially lower than the individual requirements of each BAA in the group, reflecting the benefits of reduced uncertainty and volatility across the BAA group.
- CAISO will broadcast the resource flexible ramping awards to the relevant SCs.
- CAISO will publish the shadow prices of each flexible ramping constraint and associated BAA, BAA group, and total EIM footprint. BAAs in the EIM Area will be grouped in all possible combinations.

The flexible ramping capacity shall be managed in corresponding RTD for EIM market in the same manner as the current CAISO RTM. The RTD shall enforce the flexible ramping capacity requirement constraints. The requirement of each five-minute interval in the RTD run horizon

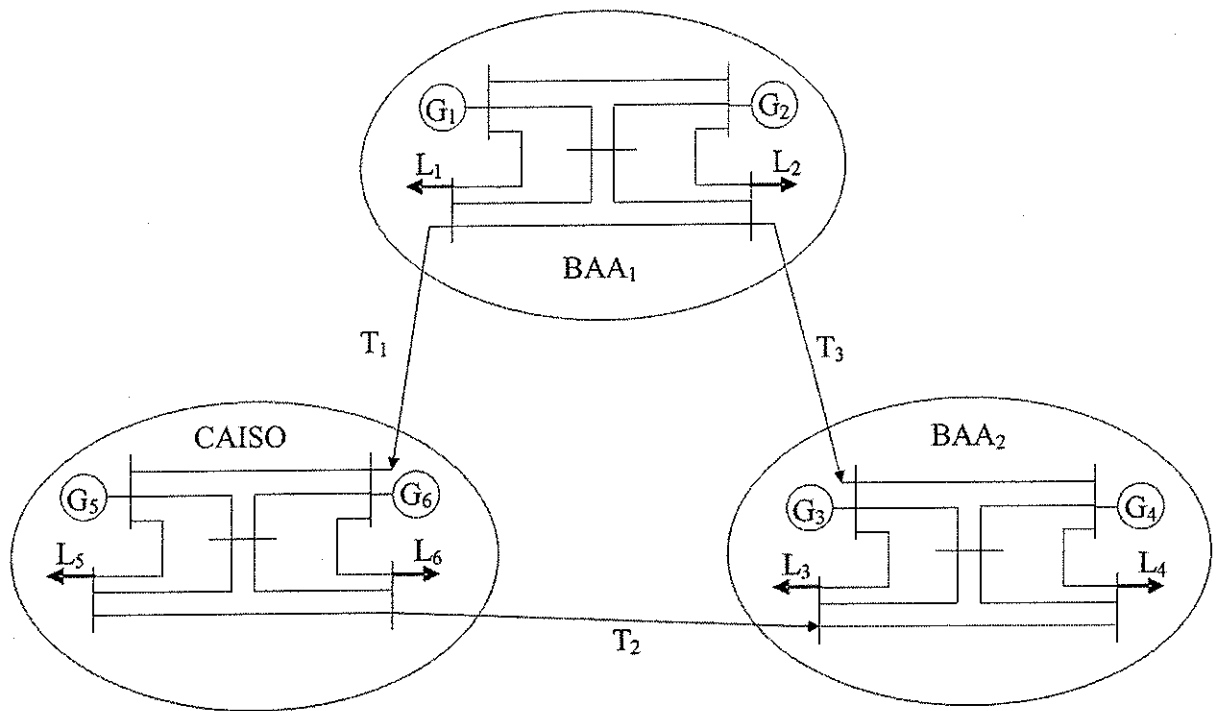
will be preserved according to the pre-defined attenuation percentage of each interval, currently as 0%, 25%, 50%, 75%, 100%, 100%... The same percentage will apply to the effective requirement (reduced by the available net import capacity) for each EIM Entity BAA and EIM Entity BAA group constraints.

Example Assumptions

- CAISO BAA and two EIM Entity BAAs
- All interties rated at 10MW
- Two generators and two loads in each BAA
- Zero base schedules; no transmission losses
- Real-Time Unit Commitment run at $T-37.5'$
- Only upward flexible ramp capacity
- Flexible ramp capacity requirement determined solely by demand forecast change

Example

15' Schedules at $T-7.5'$					
BAA ₁		BAA ₂		CAISO	
G ₁	60	G ₃	10	G ₅	100
G ₂	50	G ₄	80	G ₆	100
L ₁	40	L ₃	30	L ₅	100
L ₂	60	L ₄	70	L ₆	100
NSI ₁	+10	NSI ₂	-10	NSI ₀	0
T ₁	4	T ₂	4	T ₃	6



Available Flexible Ramp Capacity

BAA	Resource	Initial Schedule	UEL	Ramp Rate	15' FRC	30' FRC	45' FRC	60' FRC
BAA ₁	G ₁	60	100	1	15	30	40	40
	G ₂	50	100	1	15	30	45	50
	<i>Total</i>	110	200		30	60	85	90
BAA ₂	G ₃	10	100	1	15	30	45	60
	G ₄	80	100	1	15	20	20	20
	<i>Total</i>	90	200		30	50	65	80

Case 1: Flexible Ramp Sufficiency Test Pass

BAA		T-7.5'	T+7.5'	T+22.5'	T+37.5'	T+52.5'
CAISO	Total CAISO load	200	220	210	200	190
	Cumulative flexible ramp requirement		20	10	0	0
BAA ₁	L ₁ + L ₂	100	120	140	160	180
	EIM diversity benefit		0	0	0	-5
	Flexible ramp requirement credit		-10	-10	-10	-10
	Cumulative flexible ramp requirement		10	30	50	65
	Cumulative flexible ramp capacity		30	60	85	90
	Flexible ramp sufficiency test outcome			✓	✓	✓
BAA ₂	L ₃ + L ₄	100	120	140	160	180
	EIM diversity benefit		0	0	0	-5
	Cumulative flexible ramp requirement		20	40	60	75
	Cumulative flexible ramp capacity		30	50	65	80
	Flexible ramp sufficiency test outcome			✓	✓	✓
EIM	Total EIM load	400	460	490	520	550
	Cumulative flexible ramp requirement		60	90	120	150
	Sum of BAA flexible ramp requirement		60	90	120	160

Case 1: Flexible Ramp Capacity Constraints

For T+7.5'

- $FRC_0 \geq \max(0, FRR_0 - 20) = 0$
- $FRC_1 \geq \max(0, FRR_1 - 30) = 0$
- $FRC_2 \geq \max(0, FRR_2 - 10) = 10$
- $FRC_0 + FRC_1 \geq \max(0, FRR_{0,1} - 30) = 10$
- $FRC_0 + FRC_2 \geq \max(0, FRR_{0,2} - 10) = 30$
- $FRC_1 + FRC_2 \geq \max(0, FRR_{1,2} - 20) = 20$
- $FRC_0 + FRC_1 + FRC_2 \geq FRR_{0,1,2} = 60$

Case 2: Flexible Ramp Sufficiency Test Fail

BAA		T-7.5'	T+7.5'	T+22.5'	T+37.5'	T+52.5'
CAISO	Total CAISO load	200	220	210	200	190
	Cumulative flexible ramp requirement		20	10	0	0
BAA ₁	L ₁ + L ₂	100	120	140	160	180
	EIM diversity benefit		0	0	0	-5
	Flexible ramp requirement credit		-10	-10	-10	-10
	Cumulative flexible ramp requirement		10	30	50	65
	Cumulative flexible ramp capacity		30	60	85	90
	Flexible ramp sufficiency test outcome		✓	✓	✓	✓
BAA ₂	L ₃ + L ₄	100	120	150	170	180
	EIM diversity benefit		0	0	0	-5
	Cumulative flexible ramp requirement		20	50	70	75
	Cumulative flexible ramp capacity		30	50	65	80
	Flexible ramp sufficiency test outcome		✓	✓	✗	✓
EIM	Total EIM load	400	460	500	530	550
	Cumulative flexible ramp requirement		60	100	130	150
	Sum of BAA flexible ramp requirement		60	100	130	160

Case 2: Flexible Ramp Capacity Constraints

For T+7.5'

- $FRC_0 \geq \max(0, FRR_0 - 20) = 0$
- $FRC_1 \geq \max(0, FRR_1 - 30) = 0$
- $FRC_2 \geq FRR_2 = 20$
- $FRC_0 + FRC_1 \geq FRR_{0,1} = 40$
- $NSI_2 \geq -10$



Business Practice Manual Change Management Preliminary Impact Analysis

Proposed Revision Request (PRR) Title
Section 10.3.2.1 Flexible ramping capacity requirement_update

PRR No.
788

Related Policy Initiative (if any)
Energy Imbalance Market

Impact Analysis Date
10/28/14

Identify Stakeholders

1 All participants in the CAISO markets

2

3

4

Overall Impact: High Moderate Low None

Impacts:

Comments

Business Process(es) Impact?
Yes No

Energy Imbalance Market implemented.

Control Plan Impact?
Yes No

Operating Procedures Impact?
Yes No

Impact likely, scope unknown at this time

Systems/Application(s) Impact?
Yes No

Market systems are modified.

Market Product(s) Impact?
Yes No

DAM & RTM

Market Policy Impact?
Yes No

Business Practice Manual Impact?
Yes No

EIM BPM.

Tariff Impact?
Yes No

Other Regulatory Impact?
Yes No

Training Plan Impact?
Yes No

There will likely be changes to the training plan (unknown at this time).

Other Miscellaneous?
Yes No



Provide all information below:

An estimate of any cost and budgetary impacts to the CAISO for both implementation and on-going operations (state separately for each)
Small project scope.

The identification of alternatives to the original proposed language that may result in more efficient implementation
None identified

The identification of any manual workarounds that may be used as an interim solution and estimated costs of the workaround
None identified

The estimated amount of time required to implement the revised BPM PRR and its resulting effect, if any, on operation of the CAISO Markets
Several days.

Comments

Regarding: "For the duration of the restricted interval, the market clearing price in the affected EIM Entity BAA will be the last economic Bids cleared in the applicable 15-minute or five minute interval in the EIM Entity BAA."

This change was part of the request at FERC for 90 day waiver to use the least economic bid instead of the \$1000/MWh price cap when relaxing certain constraints in the EIM Entity Area. This change to the BPM would appear to make it permanent for the ramp test. This would reduce the incentive for additional ramping supply in the EIM Area. SCE requests the CAISO to provide more information for the need for this BPM change and the expected results. SCE also questions if this should be a tariff change as opposed to a BPM change.

11/26/2014 1:22 PM

Logged By - Aditya Chauhan (SCE) (Southern California Edison)

We intended the change to be permanent with respect to the flexible ramping sufficiency test. In our view this change does not require a tariff amendment. Our legal department maybe able to elaborate further if needed.

12/16/2014 11:27 AM

Responded By - Batakji, Jamal (CAISO)

BPM PRR Submitter

Batakji, Jamal (CAISO)

Modified BPM language proposed by the PBM Change Management Coordinator

No modifications to the original PRR are proposed.

Identification of the authorship of comments

No comments were received.

Action

Approve the BPM PRR as submitted

N/A

Statement of apparent requirements of the BPM PRR

Section 10.3.2.1 Flexible ramping capacity requirement update

Priority and rank for any BPM PRR requiring a CAISO system change

N/A

Proposed effective date(s) of the BPM PRR

11/1/2014

Other recommended actions

No other recommended actions on this PRR

Final Decision

Adopt the recommendation

Stakeholder Comment

comment was submitted and a response was posted.

Effective Date

10/28/2014

Action

Adopt the recommendation as originally issued

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced 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 Washington, DC this 20th day of February, 2015.

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas