

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

California Independent System Operator
Corporation

Docket No. ER07-127- 001

ORDER ON REHEARING AND PROCEDURAL MOTIONS

(Issued July 2, 2007)

1. In this order, we deny a request for rehearing by Southern California Edison Company (SoCal Edison) regarding a Commission order dated December 28, 2006.¹ We also grant a petition submitted by the California Independent System Operator Corporation (CAISO) to continue the waiver of sanctions for failure to report generator outages, consistent with the requirements of its transmission tariff, and deny a motion by SoCal Edison to stay the Commission's December 28 Order.

Background

2. On October 31, 2006, the CAISO proposed several changes to its tariff in order to amend the generator outage reporting requirements. The CAISO proposed to require that generator operators report changes of the maximum output capability of any resource, as compared to any previous report, if that availability changes by the greater of at least 10 MW or five percent of the resource's unrestricted maximum power output capability on file with the CAISO, and lasts for fifteen minutes or longer. These reports must be made within 30 minutes of discovering the change in availability and should set forth only the unit availability changes.

3. Additionally, the CAISO proposed that if, on an unplanned basis, any resource is derated by the greater of 40 MW or ten percent of its unrestricted maximum power output capability for a period of fifteen minutes or longer, or if the resource is taken offline on

¹ *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61,353 (2006) (December 28 Order).

an unplanned basis, the resource owner must submit a detailed “Forced Outage Report” within two business days of the discovery of the event and must include detailed information about the event.

4. The CAISO also requested waiver of the sanction authority of its tariff for failure to adhere to the outage reporting requirements until the effective date of the proposed outage reporting requirements.

5. The December 28 Order accepted, subject to modification, the tariff revisions to become effective the later of December 30, 2006, or within 24-hours after the submission of a market notice by the CAISO informing the Commission that all necessary changes to the CAISO systems are completed.² The Commission also granted temporary waiver of the CAISO’s sanction authority until the earlier of March 31, 2007, or within three business days of the date the CAISO submits a filing to terminate the temporary waiver.

Request for Rehearing

6. On January 29, 2007, SoCal Edison filed a request for rehearing of the December 28 Order. SoCal Edison contends that the Commission misinterpreted the CAISO’s description of the outage reporting requirement proposal when it rejected SoCal Edison’s contention that the outage reporting requirements, as proposed, are “unworkably low and would create a substantial burden” in meeting the outage reporting requirements.

7. SoCal Edison asserts that the Commission’s order was based on a misunderstanding of the CAISO’s proposal and that the Commission erred in accepting the proposed changes because of that misunderstanding. Specifically, SoCal Edison refers to the following language in the December 28 Order stating that

[the Commission] disagree[s] with SoCal Edison that new outage reporting thresholds are too low and would be burdensome. Under the current definition of an outage, market participants are required to report all normal variations of a unit’s measurable capacity; with such variations possibly occurring multiple times during a day for a single unit. The CAISO’s instant proposal will require generator operators to report only changes of the greater of 10 MW or five percent of the resource’s maximum capability, which last for fifteen minutes or longer.³

8. According to SoCal Edison, the above Commission determination is erroneous because, in SoCal Edison’s opinion, it is based on the statement that “[t]he CAISO’s instant proposal will require generator operators to report only changes of the greater of

² *Id.* at P 22.

³ *Id.* at P 19.

10 MW or five percent of the resource's maximum capability, which last for fifteen minutes or longer." SoCal Edison contends that the proposed tariff language, coupled with CAISO responses to SoCal Edison regarding the implementation of the outage reporting requirements demonstrate that the CAISO intends to require forced outage requirements from units smaller than 40 MW and availability reporting from units smaller than 10 MW. Thus, the Commission's conclusion to the contrary is clearly an error. SoCal Edison also contends that the Commission did not adequately respond to SoCal Edison's concerns that the proposed reporting requirements were overly burdensome.

9. SoCal Edison concludes that if the Commission does not grant its request for rehearing, it requests that the Commission provide additional time to allow market participants to develop the automated systems necessary to comply with the new reporting requirements.

Commission Determination

10. We disagree with SoCal Edison's assertion that the Commission misunderstood the CAISO's proposed revisions to the outage reporting requirements. In order to respond to SoCal Edison's concern that the proposed outage reporting requirements would be overly burdensome, the December 28 Order provided an example of how the CAISO's proposal would relax the existing outage reporting requirements. That order explained that, with regard to resource availability reporting requirement, the CAISO was requiring "generator operators to report only changes of the greater of 10 MW or five percent of the resource's maximum capability, which last for fifteen minutes or longer."⁴

11. As noted in the December 28 Order, the Commission had previously approved the more stringent outage reporting requirements and thresholds, as well as sanctions for non-compliance with those requirements.⁵ The CAISO's proposal reflects recognition that the outage reporting requirements can be burdensome for certain small generators. As a result, the CAISO, through its stakeholder process proposed to relax these existing reporting requirements for all generators. However, SoCal Edison argues the revised reporting requirements do not alleviate its concerns and continue to be overly burdensome. Further, SoCal Edison claims that the CAISO's description of the proposed requirements may be misleading. While the additional explanation that SoCal Edison submitted with regard to how the CAISO will require outage reports has provided us with a greater understanding of CAISO's reporting requirements, the additional information does not change the fact that the CAISO's proposal provides more flexibility to

⁴ Id.

⁵ Id at P 19. See also *Cal. Indep. Sys. Operator Corp.*, 104 FERC ¶ 61,308 (2003).

generation resources in reporting outages.⁶ We do not find that it is necessary to describe each and every scenario of unit outage or derate in the proposed generation outage reporting requirements as SoCal Edison suggests. A primary responsibility of the CAISO is to ensure that the system under its operational authority is run safely and reliably. The tariff changes proposed by CAISO were not a blanket release from outage reporting requirements in all circumstances. Rather, the CAISO drafted the outage reporting revisions to recognize the difficulty for smaller generators in meeting the existing requirements. The proposed outage reporting requirements, thus, provide additional flexibility for generators operating in the CAISO control area, including smaller generators that may face a greater burden in meeting the historic reporting requirements because of, among other things, lack of costly sophisticated metering equipment or staffing. Nevertheless, there may be certain circumstances where even these small generating units will still have to submit outage reports.

12. As discussed above, the Commission understood the implications of CAISO's proposed tariff changes when it accepted these changes. As stated in the December 28 Order, "we find that the CAISO's proposal will serve to reduce the number of outages to be reported thereby alleviating the reporting burden imposed under the current tariff."⁷ SoCal Edison has failed to provide evidence to persuade us to direct the CAISO to further relax the outage reporting requirements in order to further reduce the reporting burden. We continue to find that the reporting requirements are less burdensome under the instant proposal, and are therefore reasonable. Accordingly, SoCal Edison's rehearing is denied.

Petition to Extend Waiver and Motion to Stay

13. On March 30, 2007, the CAISO submitted to the Commission a petition to extend the waiver of sanctions under sections 37.4.1.2 and 37.4.3.2 of the CAISO tariff and to temporarily waive the requirement that small generating units file a second report for each disconnection from the grid.⁸ On that same date, SoCal Edison filed a motion to stay the December 28 Order.

14. According to the CAISO's submittal, the software modifications necessary to accommodate the new generator outage reporting requirements, accepted in the December 28 Order, are complete. However, because the original waiver was granted

⁶ In its rehearing request, SoCal Edison included its discussion with the CAISO about various scenarios in which the outage reporting requirements would apply. *See* SoCal Edison Rehearing Request, at 4- 6 and Attachment A.

⁷ December 28 Order at P 19.

⁸ On May 11, 2007, Pacific Gas and Electric Company filed comments in support of the CAISO's petition to extend waiver.

only until March 31, 2007 and in order to give market participants sufficient time to become accustomed to the new software before penalties take effect, the CAISO requests that the Commission extend waiver of the sanction until June 30, 2007.

15. In addition, the CAISO requests that the Commission temporarily waive, for generating units of less than 40 MW, the requirement to report, within two business days of the outage, about the cause of any complete disconnections of the grid and remedial actions taken. The CAISO explains that this waiver would not extend to the summary reports about changes in availability, which the CAISO uses to track real-time availability. The CAISO states that it could take market participants three months to fully test the CAISO software, recommend further adjustments that might be appropriate, and adapt their own systems. As such, the CAISO contends that it would be appropriate to extend the waiver.

16. In its motion for stay of the December 28 Order, SoCal Edison similarly notes that the CAISO's systems have just been completed and market participant testing is necessary in order to assure that all testing and any necessary modifications are made. SoCal Edison, however, requests that the Commission not impose a specific date for expiration of the waiver, but stay the December 28 Order until the CAISO provides notification that the testing has been completed.

17. SoCal Edison states that it agrees with the CAISO that the limited waiver requested by the CAISO for units with a maximum capacity of less than 40 MW is necessary. It believes that the Commission should stay the portion of the December 28 Order related to Forced Outage Reporting requirement rather than impose an arbitrary deadline, pending either a filing of an amendment, as described by the CAISO in its petition for waiver, or resolution of SoCal Edison's January 29, 2007 request for rehearing in this proceeding.

18. In its answer to SoCal Edison's motion for stay, the CAISO states that it is currently considering whether to eliminate the reporting requirements for units rated less than 40 MW. According to the CAISO, the North American Electric Reliability Corporation's (NERC's) standards require operators of generation and transmission to be aware of the status of "all" generating units and "to do so without delay," under threat of sanctions."⁹ The CAISO states, however, that it is not clear what the NERC requirements mean for small generation that may not have telemetry links, and are frequently unstaffed. The CAISO states that it wishes to avoid multiple stakeholder meetings for the same tariff provisions in order to reduce the burden on market participants.

⁹ CAISO Motion for Extension of Waiver, at 10.

19. The CAISO states that the practical effect of the waiver is that units less than 40 MW would continue to report, within 30 minutes, changes in availability of the greater of 10 MW and 5 percent of maximum capability, but it would not be required to submit a second report two business days later with additional information about the cause of the outage and remedial measures taken. The CAISO further states that the waiver requested would not affect the CAISO's real-time knowledge of the unit availability. As a result, the CAISO requests that the Commission waive the requirement of Forced Outage Reporting for units with a maximum capacity of less than 40 MW until further notice, but not later than November 30, 2007. The CAISO concludes that the result of the waiver for this period would also allow owners of units less than 10 MW to not be subject to sanctions from the Commission for failure to timely complete the two-day reports.

Commission Determination

20. We grant waiver of the sanctions embodied in sections 37.4.1.2 and 37.4.3.2 of the CAISO tariff until June 30, 2007. We find that the CAISO's decision to continue with the testing of its systems for the benefit of market participants constitutes good cause for waiving the sanction provisions. Accordingly, we deny SoCal Edison's motion for stay. We see no reason, given the request of the CAISO to continue to work with market participants in testing of its systems, to stay the December 28 Order indefinitely.

21. We also grant the CAISO's request for waiver of the Forced Outage Reporting requirements for units less than 40 MW. We find good cause to allow the waiver of the reporting requirement until the earlier of a CAISO filing to the Commission reinstating the provisions or November 30, 2007. While we do not normally grant such extended waiver timeframes, the history of this proceeding and the effort of the CAISO to fully engage market participants in the stakeholder processes to work through issues, leads us to believe that such a waiver period is appropriate.

The Commission orders:

(A) SoCal Edison's request for rehearing of the December 28 Order is hereby denied for the reasons discussed in the body of this order.

(B) SoCal Edison's motion for stay is hereby denied for the reasons discussed in the body of this order.

(C) The CAISO's motion for extension of waiver is hereby granted for the reasons discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.