

131 FERC ¶ 61,100  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Marc Spitzer, Philip D. Moeller,  
and John R. Norris.

California Independent System Operator  
Corporation

Docket Nos. ER08-1178-004  
EL08-88-005  
ER08-1178-005  
EL08-88-006

ORDER ON MOTION FOR CLARIFICATION, REHEARING AND COMPLIANCE  
FILING

(Issued May 4, 2010)

1. In this order we grant a motion for clarification of the Commission's September 2, 2009 order addressing a compliance filing and several informational reports filed by the California Independent System Operator Corporation (CAISO) concerning the Exceptional Dispatch mechanism.<sup>1</sup> Because we grant the CAISO's motion, we dismiss its alternative request for rehearing. In addition, we accept the CAISO's compliance filing, submitted in response to the September 2 Order.

**Background**

2. To address market participants' concerns regarding the use of Exceptional Dispatch, the CAISO initially proposed to post monthly reports on its website, 30 days after the end of each month, indicating the reasons for any exceptional dispatches.<sup>2</sup> The CAISO subsequently modified its position and explained that it would not publish the Exceptional Dispatch reports as quickly as originally proposed due to the need to rely on manual processes to validate the data. The CAISO proposed to include the information

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.* 128 FERC ¶ 61,218 (2009) (September 2 Order). Exceptional Dispatch is a mechanism that allows the CAISO to manually commit and/or dispatch resources that are not cleared through market software in order to maintain reliable grid operations or for other purposes enumerated in section 34.9.2 of the CAISO tariff.

<sup>2</sup> CAISO June 27 Exceptional Dispatch Mitigation Proposal in Docket No. ER08-1178-000 at 7.

on the validated exceptional dispatches in its quarterly reports to the Commission.<sup>3</sup> The Commission, however, found that the inclusion of the Exceptional Dispatch data in the quarterly reports would not provide sufficient transparency into the frequency, volume, costs, causes, and degree of mitigation of exceptional dispatches. Instead, the Commission determined that a 60-day reporting cycle would more appropriately balance the CAISO's need to rely on manual processes with the stakeholders' interest in obtaining timely information. Therefore, the Commission directed the CAISO to submit a compliance filing that established a 60-day reporting requirement.<sup>4</sup>

3. In its March 23, 2009 compliance filing, the CAISO proposed new tariff language that would require the CAISO to file with the Commission and post on its website, within 30 days of each 60-day period, a report that included the information specified in the Exceptional Dispatch Order.<sup>5</sup> Several parties submitted protests, arguing that the CAISO's proposed reporting timeline was effectively a 90-day process, and requesting the Commission to direct the CAISO to report on each Exceptional Dispatch within the shorter of 30 days after the Exceptional Dispatch or 10 days after the end of the month.<sup>6</sup> In its answer, the CAISO agreed to revert to a 30-day reporting obligation.<sup>7</sup>

4. The September 2 Order accepted, subject to modification, the compliance filing made in response to the Exceptional Dispatch Order. Specifically, the September 2 Order accepted the CAISO's proposal for a 30-day reporting requirement and directed the CAISO to submit a compliance filing incorporating the 30-day reporting obligation.<sup>8</sup> The September 2 Order also clarified the Commission's intent regarding the content of the Exceptional Dispatch reports and directed the CAISO to include greater detail to ensure that the reports would accomplish the objectives set forth in the Exceptional

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<sup>3</sup> CAISO December 9, 2009 Reply Comments in Docket Nos. ER08-1178-000 and EL08-88-000 at 29.

<sup>4</sup> *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,150, at P 263 (2009) (Exceptional Dispatch Order).

<sup>5</sup> CAISO March 23, 2009 Compliance Filing in Docket Nos. ER08-1178-003 and EL08-88-004 at 13.

<sup>6</sup> *See* September 2 Order, 128 FERC ¶ 61,218 at P 14.

<sup>7</sup> CAISO April 28, 2009 Answer in Docket Nos. ER08-1178-003 and EL08-88-004 at 7-8.

<sup>8</sup> September 2 Order, 128 FERC ¶ 61,218 at P 34.

Dispatch Order.<sup>9</sup> Finally, the September 2 Order required the CAISO to submit a compliance filing addressing its procedure for calculating Interim Capacity Procurement Mechanism (ICPM)<sup>10</sup> payments for designations resulting from exceptional dispatches that span two calendar months.<sup>11</sup>

5. On September 14, 2009, the CAISO filed a motion requesting an extension of time to file its first enhanced Exceptional Dispatch report and a motion for clarification of the September 2 Order.<sup>12</sup> On September 15, 2009, the Commission issued a notice granting the CAISO's request for an extension of time, but noting that the motion for clarification would be addressed in a separate order.<sup>13</sup> On October 2, 2009, the CAISO filed a request for clarification or rehearing of the September 2 Order.<sup>14</sup> In addition, on October 2, 2009, the CAISO submitted the compliance filing required by the September 2 Order.<sup>15</sup> No comments or protests were filed in response to any of these CAISO filings.

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<sup>9</sup> *Id.* P 34-45.

<sup>10</sup> ICPM is the voluntary backstop capacity procurement mechanism under MRTU. ICPM is intended to enable the CAISO to acquire generation capacity to maintain grid reliability if load serving entities fail to meet resource adequacy requirements; procured resource adequacy resources are insufficient; or unexpected conditions create the need for additional capacity. ICPM designations will be offered only when the service being procured through the Exceptional Dispatch is a "capacity-type" service. ICPM designations will be only for the amount of capacity actually procured, subject to minimum operating requirements. For further background on the ICPM, *see generally Cal. Indep. Sys. Operator Corp.*, 125 FERC ¶ 61,053 (2008) (ICPM Order).

<sup>11</sup> *Id.* P 61.

<sup>12</sup> CAISO September 14, 2009 Motion for Extension of Time and Motion for Clarification of September 2, 2009 Order (September 14 Motion).

<sup>13</sup> September 15, 2009 Notice of Extension of Time in Docket Nos. ER08-1178-003 and EL08-88-004.

<sup>14</sup> CAISO October 2, 2009 Motion for Clarification or, In the Alternative, Request for Rehearing (Rehearing Request).

<sup>15</sup> CAISO October 2, 2009 Compliance Filing in Docket Nos. ER08-1178-005 and EL08-88-006 (Compliance Filing).

## Discussion

6. In the September 14 Motion, the CAISO requests clarification that the Commission did not intend the reporting timelines set forth in the September 2 Order to be applied rigidly. Specifically, the CAISO asks the Commission to clarify that the CAISO may file its initial report on the exceptional dispatches occurring during a particular calendar month on the 15<sup>th</sup> day of the second month following that calendar month (e.g., filing a report on October 15 that covers exceptional dispatches occurring in August). In addition, the CAISO requests clarification that it may file its revised report that includes Exceptional Dispatch cost data on the 30<sup>th</sup> day of the third month following the calendar month covered in the report (e.g., November 30 for August exceptional dispatches).<sup>16</sup> In addition, the CAISO proposes to use the calendar month as the reporting period, rather than continuing its previous practice of using a reporting period beginning on the 16<sup>th</sup> of one calendar month and ending on the 15<sup>th</sup> of the next calendar month.<sup>17</sup>

7. The CAISO states that its proposed changes in the reporting timeline are necessary to comply with the directives of the September 2 Order. Regarding the initial Exceptional Dispatch report, which does not include cost data, the CAISO explains that it uses data from the scheduling and logging system (SLIC) to prepare this report. The CAISO states that the SLIC data may not be accurate because SLIC would not identify circumstances where actual operations differed from the logged Exceptional Dispatch.<sup>18</sup> Regarding the revised report that includes the cost data, the CAISO asserts that it intends to use the settlement quality data, which is not available until 51 days after the last trading day of the month, to ensure more accurate information. Further, the CAISO states that it needs to revise its schedule for filing the cost data reports in order to meet the directives of the September 2 Order. The CAISO states that if it were to continue to use the 16<sup>th</sup> to 15<sup>th</sup> reporting period, as it had done previously, it would not be able to correlate the entries on the initial report with the entries on the revised report.<sup>19</sup>

8. Finally, the CAISO proposes to eliminate the requirement to report the megawatt-hour data associated with each Exceptional Dispatch in its initial reports because that data is not available in SLIC. Thus, the CAISO claims that it will not be available for

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<sup>16</sup> September 14 Motion at 1-2, 6-7.

<sup>17</sup> *Id.* at 6.

<sup>18</sup> *Id.* at 5.

<sup>19</sup> *Id.* at 5-6.

inclusion in the initial report. The CAISO proposes instead to report this data in the revised report.<sup>20</sup>

9. In its Rehearing Request, the CAISO reiterates its request for clarification regarding the timing and content of the Exceptional Dispatch report and notes that its arguments on these issues are fully explained in the September 14 Motion. The CAISO requests that if the Commission denies the request for clarification, the Commission revise the September 2 Order to: (1) allow the CAISO to file its initial Exceptional Dispatch report on the 15<sup>th</sup> day of the second month following the month in which the exceptional dispatches occurred, and to file its revised report containing the cost data on the 30<sup>th</sup> day of the third month following the month in which the exceptional dispatches occurred; and (2) allow the CAISO to make minor changes to the templates provided in the September 2 Order to reflect the availability of data.<sup>21</sup>

10. In addition, the CAISO requests clarification that the information currently posted on OASIS complies with the requirements of the September 2 Order.<sup>22</sup> If the Commission cannot clarify that the CAISO's current Open Access Same-Time Information System (OASIS) reporting satisfies the requirements of the September 2 Order, the CAISO requests that the Commission revise the September 2 Order to provide that current OASIS posting procedures are a just and reasonable mechanism for providing prompt, but preliminary, information to market participants regarding the use of Exceptional Dispatch. The CAISO asserts that the data in the Exceptional Dispatch report cannot be matched with the OASIS data because the report incorporates information that is not available when the OASIS data are posted in near real-time. The CAISO states that it expects that the Commission did not intend for the September 2 Order to be implemented in a manner that would require extensive revision of OASIS processes, and that would also be inconsistent with the purpose of OASIS.<sup>23</sup>

11. In its Compliance Filing, the CAISO proposes to revise the tariff language addressing the reporting requirements to incorporate the timelines set forth in the September 14 Motion and Rehearing Request. The CAISO also includes tariff language consistent with the directives of the September 2 Order in case the Commission denies the September 14 Motion and Rehearing Request. In addition, the CAISO submitted the

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<sup>20</sup> *Id.* at 7-8.

<sup>21</sup> Rehearing Request at 6.

<sup>22</sup> *Id.* at 3.

<sup>23</sup> *Id.* at 4-6.

required tariff language regarding the calculation of ICPM payments for designations spanning two calendar months.

### **Commission Determination**

12. We grant the CAISO's request for clarification regarding the reporting timeline for filing its reports on exceptional dispatches. The CAISO must file reports detailing its use of Exceptional Dispatch for each month. However, we recognize that the reporting requirements, as clarified by the September 2 Order, require considerably more detail than the CAISO had previously been compiling. We likewise recognize that the CAISO's current business processes and data validation procedures make reporting on a calendar month basis more practical than using reporting periods ending on the 15<sup>th</sup> day of each calendar month. Our intent in the September 2 Order was to establish a meaningful monthly reporting process, not to confine the CAISO to an unworkable reporting timeline.

13. Thus, we clarify that the CAISO may use the calendar month as the reporting period for both Exceptional Dispatch reports. In addition, we clarify that the CAISO may file its initial report on exceptional dispatches in a given calendar month by the 15<sup>th</sup> day of the second month following that calendar month (e.g., by May 15 for March exceptional dispatches). Likewise, the CAISO may file its updated report, including cost data, on the 30<sup>th</sup> day of the third month following the calendar month covered in the report (e.g., May 30 for February exceptional dispatches). We find that this is a reasonable timeline that facilitates regular reporting of Exceptional Dispatch data, while also allowing the CAISO adequate time to prepare complete and accurate reports, thus reducing the probability that the CAISO will need to update the reports repeatedly as new data is available and verified. Finally, we clarify that the CAISO may report the megawatt-hour data in the revised reports, rather than the initial reports, because this data is not available in time for inclusion in the initial reports.

14. Regarding the OASIS reporting, we clarify that the CAISO's current reporting process satisfies the requirements of the September 2 Order, and we will not require the CAISO to change its OASIS reporting process. However, we note that the data reported in the Exceptional Dispatch reports does not always reflect the OASIS data. Despite the CAISO's explanation for this persistent difference, market certainty could be enhanced by a brief summary in the Exceptional Dispatch reports that notes and explains the differences between the OASIS data and the data in the reports on exceptional dispatches. Thus, we will require the CAISO to provide a brief note and explanation for any such differences in its reports on exceptional dispatches.

15. We find that the version of the CAISO's proposed tariff provisions that incorporates the Exceptional Dispatch reporting timelines and content requirements, as accepted above, as well as the revised tariff language regarding the calculation of ICPM

payments for designations spanning two calendar months, satisfies the directives of the September 2 Order and hereby accept the Compliance Filing.<sup>24</sup>

16. Because we grant the clarifications requested by the CAISO, we find that its request for rehearing is moot.

The Commission orders:

(A) The CAISO's motion for clarification of the September 2 Order is hereby granted, as discussed in the body of this order.

(B) The CAISO's request for rehearing is dismissed as moot.

(C) The CAISO's October 2, 2009 Compliance Filing is hereby accepted, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>24</sup> Specifically, we are accepting the tariff sheets submitted as Attachments A and B to the CAISO Compliance Filing.