

132 FERC ¶ 61,023  
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 No. ER10-1229-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued July 12, 2010)

1. On May 7, 2010, pursuant to section 205 of the Federal Power Act (FPA),<sup>1</sup> the California Independent System Operator Corporation (CAISO) filed with the Commission proposed amendments to its tariff<sup>2</sup> that would enable CAISO to release information regarding the enforcement and management of transmission constraints in market operations.<sup>3</sup> Specifically, CAISO plans to release: (1) the list of constraints CAISO plans to enforce and actually enforces in each Day-Ahead market; (2) information regarding the cause of each binding constraint; and (3) a monthly conforming constraint report that will detail instances where CAISO operators adjusted market transmission system limits. CAISO's proposed revisions also include certain protective measures regarding the requirements on parties requesting access before the information is distributed. As discussed below, the Commission accepts the amended tariff sheets effective July 13, 2010, as requested.

**I. Background**

**A. Stakeholder Process**

2. On August 3, 2009, CAISO filed proposed amendments to clarify, among other things, tariff language regarding the role of the Congestion Revenue Rights Full Network Model in enforcement of transmission constraints. On October 2, 2009, the Commission

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<sup>1</sup> 16 U.S.C. § 825d (2006).

<sup>2</sup> California Independent System Operator Corporation, FERC Electric Tariff, Fourth Replacement Volume No. 1 (CAISO Tariff).

<sup>3</sup> CAISO later corrected its May 7, 2010 filing by including a new Attachment D on May 10, 2010.

issued an order conditionally accepting the proposed amendments, while also noting its concerns regarding the transparency of CAISO's enforcement of transmission constraints.<sup>4</sup> Accordingly, the Commission ordered CAISO to convene a stakeholder process with the aim of addressing these transparency concerns.<sup>5</sup>

3. The instant filing represents the results of CAISO's stakeholder process. CAISO reports on the progress of the stakeholder process in its transmittal letter, noting that the resulting proposal is "widely supported by all participants."<sup>6</sup> CAISO also states that it received an additional request from market participants that the constraint definition should include the actual constraint limit used in the running of CAISO energy and ancillary services markets. CAISO states that it is still evaluating this request, and that, rather than delay the current filing, CAISO has committed to address the issue in an upcoming stakeholder process.

### **B. The Instant Filing**

4. CAISO proposes to modify its tariff to provide additional information regarding the enforcement of transmission constraints. CAISO proposes to add new section 6.5.3.3 to the CAISO Tariff that would require CAISO to provide certain parties, in a post-Day-Ahead market report, with the list of transmission constraints that are enforced and not enforced in that day's Day-Ahead market. In addition, prior to each day's Day-Ahead market, CAISO will provide the daily list of information for transmission constraints that CAISO *plans* to enforce or not enforce for the next day's Day-Ahead market. This proposed tariff amendment provides that, should CAISO not make either of these reports available on any given operating day, CAISO will instead provide the list of transmission constraints that were enforced or not enforced for the applicable Day-Ahead market within 30 days of the failed publication.

5. In order to receive this information, CAISO proposes that Market Participants under the CAISO Tariff must sign and execute a non-disclosure agreement (i.e., the Non-Disclosure Agreement for Transmission Constraints Enforcement List). In addition, the Market Participant, as well as each of its employees and consultants who will have access to the transmission constraints enforcement information, would be required to execute an additional non-disclosure statement. Market Participants that are not members of the Western Electric Coordinating Council (WECC) must additionally sign a WECC non-

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<sup>4</sup> *Cal. Indep. Sys. Operator Corp.* 129 FERC ¶ 61,009, at P 43 (2009) (October 2 Order).

<sup>5</sup> *Id.* P 44.

<sup>6</sup> CAISO Transmittal Letter at 9-11.

member confidentially agreement. Finally, parties that are not Market Participants must also demonstrate a legitimate business or governmental interest in the CAISO markets in order to obtain the transmission constraint enforcement information.

6. In addition to the new reporting requirement, CAISO proposes to augment the information it currently posts to OASIS regarding the status of its real-time market and its hour-ahead scheduling process. For both of those market operations, CAISO already posts the shadow price of binding transmission constraints. CAISO proposes to post additional information regarding the cause for a binding constraint when one is reported. Specifically, CAISO proposes to modify sections 6.5.3.2.2, 6.5.4.2.2, and 6.5.5.2.2 of the CAISO Tariff to specify that CAISO will publish an indication of whether the transmission constraints were binding because of base operating conditions or because of a contingency, and if caused by a contingency, it will publish the identity of the specific contingency.

7. CAISO also proposes to add a new section 6.5.7 to the CAISO Tariff to indicate its commitment to post on its website a monthly report on the degree of adjustments to transmission constraints made pursuant to existing section 27.5.6 of CAISO Tariff.<sup>7</sup> Specifically, this report will list all flowgates that had the limit adjusted in the integrated forward market, real-time unit commitment and real-time dispatch runs, along with the percentage of hours that each flowgates' limit was adjusted, and other related statistics.

8. Finally, CAISO proposes to modify section 6.5.1.4 of the CAISO Tariff to specify that parties may obtain information from the Congestion Revenue Rights Full Network Model for the purposes of reviewing and using the disclosed confidential information in connection with review and analysis of the CAISO markets. CAISO explains that this proposed revision will clarify that the Congestion Revenue Rights Full Network Model can be used for purposes other than participation and analysis of CAISO's Congestion Revenue Rights markets, as was previously specified.

9. CAISO requests that the amendments proposed in this filing become effective on July 13, 2010.

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<sup>7</sup> CAISO states that its operators make adjustments for (1) conforming transmission limits to achieve greater alignment between the energy flows calculated by market software and those observed or predicted in real-time operation across various paths (conforming adjustments), and (2) setting prudent operating margins consistent with good utility practice to ensure reliable operation under conditions of unpredictable and uncontrollable flow volatility (reliability adjustments). CAISO Transmittal Letter at 6-7.

## II. Notice of Filing and Responsive Pleadings

10. Notice of CAISO's filing was published in the *Federal Register*, 75 Fed. Reg. 28,800 (2010), with interventions and protests due on or before May 28, 2010. Timely motions to intervene were filed by: Northern California Power Agency; Pacific Gas and Electric Company; California Department of Water Resources State Water Project; the Cities of Santa Clara, California and Redding, California and the M-S-R Public Power Agency; NRG Power Marketing LLC, Cabrillo Power I LLC, Cabrillo Power II LLC, El Segundo Power LLC, and Long Beach Generation LLC (together, NRG Companies); and Modesto Irrigation District. Powerex Corp. (Powerex) filed a timely motion to intervene and comments, which CAISO answered.

11. Powerex states that it generally supports CAISO's filing but that two aspects of the proposal require modification. First, Powerex asserts that the Commission should direct CAISO to follow through on its commitment to develop consistent naming conventions for interties and scheduling points.<sup>8</sup> Powerex states that CAISO does not use the same naming conventions across different systems. Powerex argues that such consistent naming conventions are critical for market participants to make sense of the transmission constraint information and for complying with market rules such as the prohibition against bidding across an intertie with a forced outage. Powerex requests that CAISO begin such efforts immediately so that it is able to incorporate consistent naming conventions in the release of transmission constraint information, which it proposes to begin on July 13, 2010. It states that, in the event CAISO does not have the ability to adopt consistent naming conventions across its systems, it should publish a table for the transmission constraint data releases, Full Network Model, OASIS, and any other CAISO systems that would allow market participants to correlate the information themselves.

12. Second, Powerex objects to CAISO's proposal to make transmission constraint information available subject to market participants executing a non-disclosure agreement and providing a non-disclosure statement signed both by the market participant and by each employee and consultant of the market participant who will have access to the information. Powerex states that the requirement for every employee or contractor to execute a non-disclosure statement is overly burdensome and would hinder the ability of individuals to access the data on a timely basis. Powerex suggests

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<sup>8</sup> According to Powerex, in Attachment D of its May 10, 2010 filing, CAISO has proposed to "explore the possibility of creating additional data mapping that would correlate the transmission facilities in outage reports with the proposed constraints list" and "to strive to evolve the data and nomenclature to use consistent naming conventions and common data elements that could be eventually linked between outage information and other data." Powerex Comments at 5.

alternatives to protecting transmission constraint data, such as a allowing the execution of one non-disclosure statement that would be applicable to all employees/consultants of that market participant or restricting the market participant's access to the data through a single computer.

13. In response to Powerex's first concern, CAISO states that it has undertaken an extensive effort to work through the data requirements with its stakeholders, with careful consideration of the feasibility to deliver such data as of its requested effective date of July 13, 2010. It argues that Powerex's request that CAISO begin efforts to use more meaningful network terminology immediately "so that it is able to incorporate consistent naming conventions in the release of transmission constraint information" suggests that CAISO should not release the data as of July 13, 2010 unless it has conformed the terminology in all of the data it releases. If so, CAISO contends that the proposal would likely prevent distribution of the data on July 13, 2010, as planned. It notes that since Powerex did not raise this condition during the stakeholder process, the proposal has not been vetted with all stakeholders and participants would likely not support such an unnecessary delay. It states that Powerex's request is unjust and unreasonable, arguing that if CAISO were to have to stop all its current data releases and first evaluate consistent terminology of all data released before proceeding, it would bring CAISO's market to a halt. Further, CAISO argues that any nomenclature issues that may exist are not immediately evident and are best identified as CAISO and participants gain more experience with the data sets. CAISO notes that it has already committed to use more consistent and meaningful network terminology and to use more consistent naming conventions and common data elements, but that it is an ongoing evolving process

14. CAISO also answers that the non-disclosure statement requirement is not overly burdensome, noting that it has the exact same procedures in place to protect similar data it makes available through the Congestion Revenue Rights Full Network Model. Further, CAISO argues that these procedures are necessary because of the nature of the information provided; it must be protected for infrastructure security reasons. The procedures ensure that the ISO can trace the persons that have access to the information so that in the event of a security concern such persons can be readily identified. CAISO argues that Powerex's alternative suggestions would entirely dilute the whole purpose of requiring the non-disclosure agreement and statements in the first instance.

### **III. Discussion**

#### **A. Procedural Matters**

15. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2010), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

16. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2010), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept CAISO's answer because it has provided information that assisted us in our decision-making process.

**B. Commission Determination**

17. The Commission accepts CAISO's tariff amendments. The new informational requirements will help parties who participate or analyze the CAISO markets to better understand how transmission constraints are enforced and managed. We agree that these amendments will generally make CAISO's actions more transparent and will enable parties to better understand and evaluate the impact such enforcement may have on market outcomes, enabling them to more effectively participate in the CAISO markets.

18. The Commission agrees with Powerex that CAISO should develop consistent naming conventions across different systems to clarify the output from those systems. CAISO will benefit from these efforts because the consistency will not only provide clarity but also compliance with various markets rules (e.g., scheduling across inerties). We note that the CAISO has committed to use more consistent and meaningful network terminology, and we encourage the CAISO to do so. However, we will not require CAISO to develop such conventions as a condition of acceptance of these tariff sheets. We do not believe that a delay in implementing the effectiveness of the proposed tariff sheets to reflect such naming conventions is reasonable.

19. The Commission finds that CAISO's proposal to require individual employees and contractors to execute a non-disclosure statement to access data on the enforcement of transmission constraints is reasonable and consistent with current CAISO practices regarding the protection of sensitive information. The execution of non-disclosure statements by individuals is important to protecting the security of sensitive information as it ensures that employees and contractors will be individually responsible for protecting the confidentiality of data they access. Moreover, the practice of requiring the execution of these agreements by individual employees and consultants is already required of parties that wish to access the Congestion Revenue Rights Full Network Model.<sup>9</sup> We are not persuaded that the requirement for all employees accessing the transmission constraint data to execute a non-disclosure statement will hinder access of data on a timely basis. We expect that parties will engage in careful planning to

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<sup>9</sup> CAISO Tariff section 6.5.1.4. See *Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,313, at P 36, *order on reh'g*, 120 FERC ¶ 61,271 (2007).

determine how many and which of its employees should have clearance to access the data.

The Commission orders:

The Commission hereby accepts CAISO's revised tariff sheets, effective July 13, 2010, as requested.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.