

147 FERC ¶ 61,245  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;  
Philip D. Moeller, John R. Norris,  
and Tony Clark.

Puget Sound Energy, Inc.

Docket No. ER14-1649-000

ORDER REJECTING FILING

(Issued June 24, 2014)

1. On April 2, 2014, Puget Sound Energy, Inc. (Puget Sound) submitted an informational filing to justify the cost components of its bid into the California Independent System Operator Corporation (CAISO) market that was below the negative \$30/MWh minimum bid price floor for energy bids and that was accepted by CAISO. This order rejects the filing due to inadequate support for the claimed costs, without prejudice to Puget Sound re-filing.

**I. Background**

2. In a September 2006 order, the Commission conditionally accepted CAISO Tariff section 39.6.1.4 that established a soft bid floor of negative \$30/MWh for energy bids in the CAISO markets.<sup>1</sup> The Commission also directed CAISO to submit a compliance filing within 60 days modifying section 39.6.1.4 to clarify that bids priced below the bid floor that are accepted by CAISO are subject to cost verification.

3. In a June 2007 order, the Commission accepted CAISO's revised section 39.6.1.4. The revised tariff provision stated that when CAISO dispatches a resource with an energy bid of less than negative \$30/MWh, the scheduling coordinator for that resource is eligible to be paid the bid price upon submitting detailed information justifying the cost

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274, at P 1021 (2006). As noted in P 3, below, section 39.6.1.4 of the CAISO Tariff was revised effective May 1, 2014. Puget Sound's filing at issue here is with respect to the earlier effective version of section 39.6.1.4.

components of the bid to CAISO and the Commission and after the Commission accepts such justification.<sup>2</sup> Effective May 1, 2014, the negative \$30/MWh soft bid floor was lowered to a negative \$150/MWh hard bid floor.<sup>3</sup>

## II. Puget Sound's Filing

4. Puget Sound states that on March 9, 2014, it submitted a bid that was below the negative \$30/MWh minimum bid price, which was accepted by CAISO. Pursuant to CAISO Tariff section 39.6.1.4, Puget Sound requests privileged and confidential treatment of an exhibit that describes the transaction and the cost justification. Puget Sound explains that the filing is submitted pursuant to CAISO Tariff section 39.6.1.4, which states:

Energy Bids into the CAISO Markets less than -\$30/MWh are not eligible to set any LMP. If the CAISO dispatches a resource with an Energy Bid less than -\$30/MWh, the Scheduling Coordinator on behalf of the resource will be eligible to be paid the Bid price upon the submission of detailed information justifying the cost components of the Bid to the CAISO and FERC no later than seven (7) days after the end of the month in which the Bid was submitted. The CAISO will treat such information as confidential and will apply the procedure in Section 20.4 with regard to requests for disclosure of such information. The CAISO shall pay Scheduling Coordinators for amounts in excess of [the] -\$30/MWh minimum Bid price upon FERC acceptance of the information justifying the cost components.

## III. Notice and Responsive Pleadings

5. Notice of Puget Sound's April 2, 2014 filing was published in the Federal Register, 79 Fed. Reg. 20,193 (2014), with protests and interventions due on or before April 23, 2014. CAISO filed a timely motion to intervene and protest on April 23, 2014.

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<sup>2</sup> *Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,313, at PP 328, 334-335 (2007).

<sup>3</sup> *Cal. Indep. Sys. Operator Corp.*, 145 FERC ¶ 61,254, at PP 33, 34 (2013) (approving revised CAISO Tariff section 39.6.1.4 lowering the bid floor from negative \$30/MWh to negative \$150/MWh and eliminating the cost verification provision); *Cal. Indep. Sys. Operator Corp.*, 146 FERC ¶ 61,217, at P 5 (2014) (granting CAISO's motion to extend the effective date of revised section 39.6.1.4 to May 1, 2014). The soft cap in the earlier version of section 39.6.1.4 of the CAISO Tariff (and at issue here) can be exceeded but requires cost justification, while the hard cap in the currently effective version of section 39.6.1.4 cannot be exceeded.

6. CAISO filed a protest arguing that while Puget Sound provided confidential information setting forth its rationale for its bid, Puget Sound has not submitted adequate justification that it has actually incurred the costs that it claims comprised its bid's cost components. CAISO asserts that the Commission should direct Puget Sound to supplement its filing with information showing its actual costs. CAISO contends that in the event such information is not adequate or not forthcoming, the transaction should be settled at the negative \$30/MWh bid price floor.

#### **IV. Discussion**

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

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the timely, unopposed motion to intervene serves to make the entity that filed it a party to this proceeding.

##### **B. Substantive Matters**

8. We reject Puget Sound's filing due to inadequate support for its claimed costs. In the June 2007 order accepting the revised CAISO Tariff section 39.6.1.4, the Commission explained the rationale underpinning the soft energy bid floor and cost verification requirement:

The CAISO established the negative \$30/MWh decremental energy bid to reflect costs that a supplier *incurs* to decrease generation on the system in order to avoid the exercise of market power. As discussed above, the Commission requires this information to assure that rates remain just and reasonable.<sup>4</sup>

As CAISO points out, Puget Sound's cost justification merely explains the rationale behind the bid price that Puget Sound seeks to recover, but fails to include any supporting documentation demonstrating its incurred cost. Therefore, we are unable to determine what costs Puget Sound has actually incurred, consistent with the stated purpose of the cost verification in the June 2007 order. Accordingly, Puget Sound's filing is rejected without prejudice to re-filing to justify the cost components of its bid.

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<sup>4</sup> *Cal. Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,313 at P 334 (emphasis added) (footnote omitted).

The Commission orders:

Puget Sound's filing is hereby rejected without prejudice to re-filing, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.