

154 FERC ¶ 61,131  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

February 24, 2016

In Reply Refer To:  
California Independent System  
Operator Corporation  
Docket No. ER15-1825-000

California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630

Attention: David S. Zlotlow, Esq.

Reference: Request for Waiver

Dear Mr. Zlotlow:

1. On February 4, 2016, the California Independent System Operator Corporation (CAISO) filed a petition for limited tariff waiver (Petition) to modify the effective date of tariff provisions accepted in the Commission's October 1, 2015 order.<sup>1</sup> The Reliability Services Order conditionally accepted tariff amendments to implement Phase 1A of its two-phase reliability services initiative (RSI). Specifically, CAISO seeks to extend the effective date of those tariff revisions from March 1, 2016, as accepted in the Reliability Services Order, to April 1, 2016.<sup>2</sup>

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,002 (2015) (Reliability Services Order). On February 5, 2016, CAISO filed an errata to the Petition correcting a footnote.

<sup>2</sup> CAISO notes that sections 40.2.4, 40.10.5.1(a), and 40.10.5.1.1 became effective on January 10, 2016, and are not covered by this Petition for limited waiver. Petition at 1, n.1.

2. In the Petition, CAISO states that it will not be able to implement the RSI provisions by March 1, 2016, and that good cause exists to grant its requested waiver.<sup>3</sup> CAISO states that the waiver is of limited scope because it will apply for 31 days, from March 1, 2016 until March 31, 2016. CAISO asserts that the waiver will remedy the concrete problem that the CAISO will not be able to effectively implement the tariff provisions in question by March 1, 2016, because of the need for additional testing and time to address any software variances highlighted through that testing.<sup>4</sup> CAISO states that it is requesting the tariff amendments because it concluded in early January that it had not met its internal quality metrics for moving a new market function to market simulation.<sup>5</sup> Given the delays in the market simulation procedures to date, CAISO also believes that market participants may not be prepared to begin operations under the procedures on March 1. CAISO further states that the waiver will not have undesirable consequences, because granting the waiver merely would maintain the status quo for a relatively brief period of time while the CAISO and its market participants undertake the necessary rounds of market simulation and other final pre-implementation steps.<sup>6</sup>

3. In addition, CAISO states that the reliability services initiative must be implemented on the first day of a month, and that the next viable date is April 1, 2016. CAISO states that the additional month will provide the time necessary for CAISO to resolve any identified defects and retest to ensure pre-production quality metrics are met.

4. Notice of CAISO's Petition was published in the *Federal Register*, 81 Fed. Reg. 7,335, with protests and interventions due on or before February 11, 2016. PG&E filed a timely motion to intervene and comments. On February 18, 2016, CAISO filed an answer addressing PG&E's comments.

5. In its comments, PG&E requests that the effective date of the RSI tariff provisions be extended to May 1, 2016. PG&E states that it has not seen sufficient evidence that CAISO has demonstrated that its market simulation environment will be ready for an April 1, 2016 implementation date. PG&E states that it is concerned that an additional month may not be adequate to verify results, resolve defects, and retest to ensure all of PG&E's exit criteria are met.

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<sup>3</sup> CAISO also filed, on February 4, 2016 in Docket No. ER16-897-000, tariff amendments to similarly delay the effective date of its new Capacity Procurement Mechanism to April 1, 2016.

<sup>4</sup> *Id.* at 8.

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

<sup>6</sup> *Id.* at 8.

6. In its answer to PG&E's comments, CAISO states that it has encountered a new software issue that will require significant cross-departmental efforts to resolve. CAISO states that this new complication combined with the concerns expressed by PG&E and other market participants clarified to CAISO that implementation of the RSI should be shifted to May 1, 2016. CAISO states that it now requests that the Commission suspend the effectiveness of the tariff amendments to May 1, 2016.<sup>7</sup>

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the timely, unopposed motion to intervene filed by PG&E serve to make it a party to this proceeding.

8. Rule 213(a)(2) of the Commission's Rule of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), 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.

9. We grant CAISO's Petition for waiver to delay the effective date of its new RSI tariff provisions to May 1, 2016, as requested in its answer. Consistent with the factors the Commission has considered in evaluating requests for waivers of tariff provisions,<sup>8</sup> we agree with CAISO that the request at issue here is limited in scope, addresses the concrete problem that CAISO cannot effectively implement the tariff revisions by March 1, 2016 due to challenges in preparing new market software for simulation, and that no party will be harmed by the request. For these reasons, we grant CAISO's petition, as discussed herein. We direct CAISO to submit a compliance filing to reflect the revised May 1, 2016 effective date of the tariff revisions within 15 days of the date of this order.

By direction of the Commisison.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>7</sup> CAISO Answer at 4.

<sup>8</sup> See, e.g., *New York Indep. Sys. Operator, Inc.*, 136 FERC ¶ 61,156, at PP 5, 7 (2011); *Southwest Power Pool, Inc.*, 135 FERC ¶ 61,032, at P 12 (2011); *Southwest Power Pool, Inc.*, 138 FERC ¶ 61,200, at P 5 (2012).