

154 FERCR ¶ 61,142  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

February 26, 2016

In Reply Refer To:  
California Independent System  
Operator Corporation  
Docket Nos. ER15-1451-001  
EL15-98-000

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

Attn: David Zlotlow, Esq.  
Counsel

Dear Mr. Zlotlow:

1. On October 16, 2015, the California Independent System Operator Corporation (CAISO) submitted a filing to remove the previously accepted tariff provisions establishing convergence bidding at the interties, in compliance with the Commission's September 25, 2015 order in this proceeding.<sup>1</sup> We accept CAISO's tariff revisions set forth in its October 16, 2015 filing, subject to a condition, and we direct CAISO to submit a further compliance filing, as discussed below.

2. On compliance, CAISO proposes to remove references to convergence bidding at the interties in various tariff sections including: section 30.8 (Bids On Out-Of-Service Paths At Scheduling Points Prohibited), section 30.9 (Virtual Bids), section 30.7.3.6.3 (Position Limits), and section 31.8.1 (Scheduling Constraint).<sup>2</sup> In addition, CAISO

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 152 FERCR ¶ 61,234 (2015) (September 2015 Order).

<sup>2</sup> In CAISO's tariff, the term virtual bidding is used to describe convergence bidding.

proposes to remove the entire text of section 30.7.3.6.3.2 (Position Limits at Interties) which addresses the establishment of position limits for virtual bids at the interties.<sup>3</sup>

3. Notice of CAISO's filing was published in the *Federal Register*, 80 Fed. Reg. 67,392 (2015), with interventions and protests due on or before November 16, 2015. On November 13, 2015, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, Six Cities) filed comments. On November 30, 2015, CAISO filed an answer.

4. Six Cities support CAISO's tariff revisions, but argue that an additional revision to tariff section 31.8.2 (Physical Flow Constraint) is necessary for CAISO to avoid ambiguity and fully comply with the September 25 Order. Specifically, Six Cities assert that the placement of the phrase "which can be physical or virtual" in section 31.8.2 incorrectly suggests that import/export schedules can be virtual because, going forward, CAISO will only account for virtual schedules that are internal schedules.<sup>4</sup> Therefore, Six Cities request that the Commission direct CAISO to revise section 31.8.2 as follows:

The CAISO may enforce a physical flow constraint limit at each internal and Intertie location in the [Integrated Forward Market] taking into account the total power flow contributions, which include internal schedules, which can be physical or virtual, and import/export schedules, ~~which can be physical or virtual~~, and the CAISO's estimates of unscheduled flow at the Interties.<sup>5</sup>

5. CAISO responds that the modification proposed by Six Cities is not necessary to comply with the September 2015 Order because the tariff, as revised, is clear without the suggested change that convergence bidding is no longer permitted on the interties. However, CAISO states that it does not object to revising section 31.8.2 if so directed by the Commission.<sup>6</sup>

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<sup>3</sup> CAISO Transmittal at 4.

<sup>4</sup> Six Cities November 13, 2015 Comments at 2 (citing CAISO, Tariff, Section 31.8.2, Fifth Replacement Electronic Tariff).

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

<sup>6</sup> CAISO November 30, 2015 Answer at 2.

6. Rule 213(a)(2) of the Commission's Rules 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.

7. We agree with Six Cities that, given the placement of the phrase "which can be physical or virtual," section 31.8.2 as currently written can be interpreted to suggest that convergence bidding is permitted at the interties, which is not consistent with the September 2015 Order. Therefore, we direct CAISO to submit, within 30 days of the date of issuance of this order, a compliance filing that revises the first sentence of section 31.8.2 of the CAISO tariff to state:

The CAISO may enforce a physical flow constraint limit at each internal and Intertie location in the IFM taking into account the total power flow contributions, which include internal schedules, which can be physical or virtual, ~~and~~ import/export schedules, ~~which can be physical or virtual~~, and the CAISO's estimates of unscheduled flow at the Interties.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.