

154 FERC ¶ 61,034
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, Tony Clark,
and Colette D. Honorable.

California Independent System
Operator Corporation

Docket No. ER15-1783-001

ORDER GRANTING CLARIFICATION

(Issued January 21, 2016)

1. On October 28, 2015, the California Public Utilities Commission (CPUC) filed a request for clarification of the Commission's October 1, 2015 order in this proceeding accepting the California Independent System Operator Corporation's (CAISO) revised tariff provisions governing CAISO's Capacity Procurement Mechanism (CPM).¹ For the reasons discussed below, the Commission grants the request for clarification.

I. Background

2. On May 26, 2015, CAISO filed proposed revisions to amend its CPM tariff authority to include, among other modifications, a competitive solicitation process to procure backstop capacity. CAISO proposed a soft offer cap of \$6.31/kW-month (or \$75.68/kW-year) for capacity bids placed through the competitive solicitation process.² The proposed soft offer cap, CAISO stated, represents the estimated levelized going-forward fixed costs of a reference resource, as identified in a May 2014 report prepared by the California Energy Commission, plus a 20 percent adder.³ In the October 2015

¹ *Cal. Indep. Sys. Operator Corp.*, 153 FERC ¶ 61,001 (2015) (October 2015 Order).

² *Id.* at P 13 (citing CAISO Transmittal Letter at 15).

³ *Id.* at P 13 (citing CAISO Transmittal Letter at 15).

Order, the Commission accepted the proposed tariff revisions, including the soft offer cap, stating in Paragraph 29:

[W]e find that CAISO's proposal to implement a soft offer cap of \$6.31/kW-month (\$75.68/kw-year), plus a 20 percent adder should allow sufficient recovery of fixed costs plus return on capital to facilitate incremental upgrades and improvements by resources.⁴

II. Request for Clarification

3. The CPUC seeks clarification that the CAISO CPM soft offer cap accepted by the Commission is \$6.31/kW-month, or \$75.68/kW-year, as stated in CAISO's proposed tariff, and not \$6.31/kW-month plus an additional 20 percent of that figure, as Paragraph 29 of the October 2015 Order states.⁵ The CPUC asserts that the Commission inadvertently misstated the CPM soft offer cap in Paragraph 29, as evidenced by a correct description of the price in Paragraph 13 of the October 2015 Order.

III. Commission Determination

4. The Commission grants the CPUC's requested clarification. Specifically, the Commission clarifies that the CPM soft offer cap accepted by the October 2015 Order is \$6.31/kW-month, or \$75.68/kW-year, as proposed by CAISO.⁶

⁴ *Id.* at P 29.

⁵ CPUC Request for Clarification at 1-2.

⁶ The CPUC also requested, in the alternative, that the Commission grant rehearing of the October 2015 order to modify Paragraph 29 to mirror the description of the soft offer cap in Paragraph 13. CPUC Request for Clarification at 3. Because we grant the CPUC's request for clarification, we dismiss as moot the CPUC's request for rehearing.

The Commission orders:

The request for clarification is hereby granted as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.