

167 FERC ¶ 61,219
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Cheryl A. LaFleur, Richard Glick,
and Bernard L. McNamee.

California Independent System Operator Corporation

Docket No. ER19-1562-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued June 14, 2019)

1. On April 11, 2019, pursuant to section 205 of the Federal Power Act (FPA),¹ the California Independent System Operator Corporation (CAISO) filed tariff revisions to apply the existing exemptions from its Resource Adequacy Availability Incentive Mechanism (RAAIM) across a defined subset of outages, regardless of whether they are forced or planned. In this order, the Commission accepts CAISO's proposed tariff revisions, effective June 17, 2019, as requested.

I. Background

2. RAAIM is CAISO's tariff-based tool to create financial incentives for resources providing resource adequacy capacity to meet their availability obligations. Through RAAIM, CAISO makes monthly availability incentive payments to resource adequacy resources that exceed their availability target and assesses monthly non-availability charges against resources that either fail to meet their must-offer obligation or, when on outage, fail to provide substitute resource adequacy capacity when required by CAISO.² CAISO states that its tariff currently exempts from RAAIM forced outages that relate to a resource's administrative actions, are outside the resource's control, or are necessary to manage a short-term use limitation. CAISO also states that its business practice manual for Reliability Requirements further defines which forced outage types are RAAIM-exempt under this tariff authority. CAISO notes that this same business practice manual

¹ 16 U.S.C. § 824e (2012).

² CAISO Tariff, § 40.9.3.6 outlines how CAISO determines the substitution obligation of a resource on outage.

also identifies one planned outage type – an “off peak opportunity,” which is not likely to have a detrimental effect on reliable operations – that is currently exempt from RAAIM.³

3. CAISO contends that, until relatively recently, RAAIM only applied to forced outages and, therefore, excluding planned outages from the RAAIM exemptions did not have a material impact. However, CAISO explains that as of May 1, 2018, the RAAIM tariff provisions were extended to both planned and forced outages as part of Phase 1B and Phase 2 of the Reliability Services Initiative, thereby exposing resource owners to the risk that planned outages beyond their control could lead to RAAIM non-availability charges.⁴

II. CAISO Proposal

4. In this filing, CAISO proposes to revise its tariff to extend RAAIM-exempt status to the subset of planned outages that fall “in a nature of work category relating to an administrative action by a resource owner, a cause outside of the control of the resource owner, or a short-term use limitation.”⁵ Forced outages that fall in these “nature of work” categories are currently exempt from RAAIM, but because of what CAISO characterizes as an unintentional oversight, planned outages were not included in the exemption. CAISO contends that there is no policy basis for distinguishing this exemption on the basis of whether the outage was forced or planned since in both cases the outages are driven by factors the resource owner cannot control.⁶

5. Further, CAISO states that it plans to revise its business practice manual for Reliability Requirements to identify the specific planned outage types that would be exempt from RAAIM and the obligation to provide substitute resource adequacy capacity when required by CAISO. Moreover, in considering the revisions related to planned outages, CAISO states that it has reassessed the types of forced outages that are currently exempt from RAAIM and the substitution obligation. Based on that reassessment, CAISO states that it plans to revise the business practice manual to remove certain forced

³ CAISO Transmittal at 1-2.

⁴ *Id.* at 2-3.

⁵ *Id.* at 3.

⁶ Although “planned,” an outage could be beyond a resource owner’s control when, for example, a planned transmission line outage disconnects generation from the CAISO controlled grid.

outage types from the RAAIM exemptions, including an exemption for restrictions due to environmental regulations that are specific to a resource that limits its dispatchable capacity.

6. CAISO assessed historic outage data and anticipates that the net impact of the proposed revisions, including the planned revisions to the business practice manual, will be relatively minor, with an approximately 1.77 percent increase in the proportion of outages that are exempt from RAAIM. Thus, CAISO asserts that it does not foresee a degradation of the resource adequacy program from making these changes.⁷

7. CAISO requests an effective date of June 17, 2019 for the proposed tariff revisions.⁸

III. Notice and Responsive Pleadings

8. Notice of CAISO's filing was published in the *Federal Register*, 84 Fed. Reg. 16,251 (2019) with interventions and protests due on or before May 2, 2019. Public Citizen, Inc.; Southern California Edison Company; Exelon Corporation; NRG Power Marketing LLC; and Northern California Power Agency filed timely motions to intervene. Calpine Corporation (Calpine) and Pacific Gas and Electric Company (PG&E) filed timely motions to intervene and comments. On May 17, 2019, CAISO filed an answer to PG&E's comments.

9. Calpine supports CAISO's proposed revisions, but requests that the Commission accept the proposal subject to a clarification in CAISO's business practice manual for Reliability Requirements that RAAIM-exempt resources will not be subject to a substitution obligation, consistent with CAISO's representations.⁹

10. PG&E states that it supports CAISO's proposed revisions to extend the RAAIM exemptions and substitution obligations to other planned outages, but opposes CAISO's proposal to remove the existing RAAIM exemption for forced outages related to environmental restrictions from those specified in CAISO's business practice manual for Reliability Requirements.¹⁰ PG&E states that it has used this nature of work exemption

⁷ CAISO Transmittal at 4-5.

⁸ *Id.* at 8.

⁹ Calpine Comments at 3 (citing CAISO Transmittal at 8).

¹⁰ PG&E Comments at 4-5 (citing Attachment C to CAISO Filing, at Section B). PG&E provides the examples of taking an outage on a wind facility due to nearby

to manage resource constraints outside of PG&E's control, which is CAISO's stated rationale for extending the RAAIM exemptions in this proposal. In addition, PG&E agrees that outages that are outside the resource owner's control should be exempt from RAAIM, but suggests that CAISO is not clear on how or whether the exemptions apply to outages of hydro resources that are out of the resource owner's control. Thus, PG&E requests that the Commission direct CAISO to create a work category for hydro water management outages, or clarify in which existing work category hydro water management outages belong, and require that this nature of work be exempt from RAAIM.¹¹

IV. Discussion

A. Procedural Matters

11. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2018), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

12. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2018), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We are not persuaded to accept CAISO's answer and, therefore, reject it.

B. Substantive Matters

13. The Commission accepts CAISO's tariff revisions to extend the exemptions for RAAIM and any substitution obligations to resource adequacy resources that undergo a planned outage for reasons described in CAISO's tariff, effective June 17, 2019, as requested.¹² We agree with CAISO that it is reasonable to exempt both forced and planned outages from RAAIM when the outages are beyond the control of the resource operator.

14. We find that the issues raised by commenters are beyond the scope of this proceeding, which is limited to CAISO's proposed tariff revisions to exempt certain types of planned outages from RAAIM penalties. Both Calpine and PG&E support the

condors, or on a dual fuel facility that has run on diesel for the permitted number of hours in its air permit during a continuing natural gas system outage. *Id.* at 5.

¹¹ *Id.* at 5.

¹² CAISO Tariff, § 40.9.3.4(d).

proposed tariff revisions, but request changes to the CAISO business practice manual regarding other matters, none of which are at issue here. With regard to Calpine's comments, CAISO has stated in its filing that it is committed to creating comparable treatment for planned and forced outages and "intends to change section 9.2.2 of the [business practice manual] to note that the newly-exempt planned outages similarly will hold no substitution obligation."¹³ With regard to PG&E's request to include forced outages related to environmental restrictions and outages of hydro resources that are out of the resource owner's control in the outage types specified in CAISO's business practice manual, we encourage CAISO to continue its stakeholder outreach and follow its business practice manual revision process to work with PG&E and other stakeholders to reach a consensus and clarity on how it intends to implement the exemptions from RAAIM under this tariff authority, and, if needed, to explore further refinement of the nature of work categories associated with outages to be used by resource adequacy resources.

The Commission orders:

CAISO's proposed tariff revisions are hereby accepted, effective June 17, 2019, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹³ CAISO Transmittal at 8.