

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System)
Operator Corporation)**

Docket No. ER25-54

**MOTION TO INTERVENE AND COMMENTS
OF THE DEPARTMENT OF MARKET MONITORING
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§385.212, 385.214, the Department of Market Monitoring (“DMM”), acting in its capacity as the Independent Market Monitor for the California Independent System Operator Corporation (“CAISO”), submits this motion to intervene and comment in the above-captioned proceeding.

I. SUMMARY

In this filing, the CAISO seeks to (1) establish well-defined due dates and penalties regarding submission of demand response monitoring data; (2) remove upfront payment from the penalty tolling process; (3) simplify the rules of conduct investigative process; (4) create an inaccurate meter data penalty materiality threshold; and (5) eliminate a reporting requirement when federal power marketing administrations have rules of conduct violations. The CAISO proposes these tariff amendments to improve and streamline data reporting and monitoring, the rules of conduct investigative process, and penalty tolling and appeals processes.

DMM supports the CAISO's proposed tariff amendments to establish explicit deadlines and a well-defined penalty structure regarding the submission of demand response monitoring data. DMM does not oppose the other changes proposed in this filing, and DMM has not heard any opposition from stakeholders regarding these tariff changes.

II. COMMENTS

Background

The CAISO's Rules of Conduct provide guiding principles, delineate rules that market participants must follow, outline procedures for potential violations, and create financial sanctions. The changes included in CAISO's proposed tariff modifications are threefold. First, the CAISO will remove penalties for meter data inaccuracies that fall below a *de minimis* threshold. The tariff modification removes penalties for inaccurate submissions that fall below three percent or three MWh per day, but still requires market participants to report inaccuracies. Upon correction, all market re-settlement adjustments will continue to apply. Second, additions to the Rules of Conduct will enhance incentives for demand response resources to submit monitoring data. The enhancements include a submission deadline and a set of penalties for delayed or missing data that align with the Rules of Conduct for meter data. Third, and lastly, the CAISO proposes to reduce three administrative burdens in a Rules of Conduct violation.

DMM supports the proposed tariff changes to improve incentives for demand response data reporting

DMM supports the CAISO's proposal to establish explicit deadlines and a well-defined penalty structure regarding the submission of demand response monitoring data. DMM and the ISO need this data to monitor activity of demand response providers – such

as submission of potentially inaccurate baselines or potential baseline manipulation. DMM supports a penalty structure that adequately incentivizes demand response providers to provide the necessary monitoring data in a timely manner without being overly punitive. While DMM supports the CAISO's proposed deadline and penalty structure for demand response monitoring data submission, DMM notes a few points on the specifics of the proposal.

The CAISO proposes penalties at the scheduling coordinator level, rather than at the resource level, to avoid overpenalizing a single scheduling coordinator. DMM does not oppose this, but notes that this penalty structure may not incentivize a scheduling coordinator to submit all resource data in a timely manner. The concern arises when a scheduling coordinator controls multiple resources, and a small number of those resources cannot submit data by the established deadline. With the penalty applied at the scheduling coordinator level, when at least one resource is unable to submit data, the scheduling coordinator will incur a penalty and may lose incentive to submit data for any of its resources. If the scheduling coordinator is unable to provide data for a single resource, the scheduling coordinator has little incentive to ensure that data for the remaining resources is submitted until data for all resources is available.

In the Transmittal Letter, the CAISO clarified that demand response monitoring data is not subject to the same regulations as settlement quality meter data, because it is not used for settlements purposes.¹ As a result, scheduling coordinators are not penalized for inaccuracies in demand response monitoring data. While DMM appreciates

¹ Tariff Amendment to Enhance Rules of Conduct, California Independent System Operator Corporation, Docket No. ER25-54-000, ("Transmittal Letter")

this clarification, DMM notes that demand response monitoring data is necessary for DMM to monitor the accuracy of demand response performance. Demand response performance is measured by settlement quality meter data. DMM has recommended the CAISO consider additional penalties in the future if the submission of questionable monitoring data increases under the new penalty structure. This may occur because demand response scheduling coordinators may be incentivized to provide any monitoring data, even if low quality or inaccurate data, to avoid penalties.

Lastly, DMM supports the CAISO's proposal to require demand response providers to provide 45 days of historical Demand Response Monitoring Data. The majority of demand response providers use day-matching baseline methodologies that select a number of similar non-event days from the last 45 days prior to an event. DMM supports the clarification that any additional data needed for each baseline methodology selected for use will still be required. This ensures all necessary data is available to DMM, regardless of how the definition and utilization of baseline methodologies may change in the future.

The materiality threshold for inaccurate meter data submissions may lead to accumulated data inaccuracies

The CAISO proposes to establish a materiality threshold for inaccurate meter data submissions before applying penalties. Self-reported inaccuracies less than three percent or below three MWh per day will not be considered a tariff violation nor subject to penalties. While DMM does not oppose this proposal, we highlight the importance of timely deadlines and firm financial penalties in order to provide strong incentives for compliance. Removing the penalty for small inaccuracies could result in increased inaccuracies of the submitted data over time.

III. MOTION TO INTERVENE

DMM respectfully requests that the Commission afford due consideration to these comments and motion to intervene, and afford DMM full rights as a party to this proceeding. Pursuant to the Commission's Order 719, the CAISO tariff states "DMM shall review existing and proposed market rules, tariff provisions, and market design elements and recommend proposed rule and tariff changes to the CAISO, the CAISO Governing Board, FERC staff, the California Public Utilities Commission, Market Participants, and other interested entities."² As this proceeding involves CAISO tariff provisions that would affect the efficiency of CAISO markets, it implicates matters within DMM's purview.

IV. CONCLUSION

DMM respectfully requests that the Commission afford due consideration to these comments as it evaluates the proposed tariff provisions before it.

² CAISO Tariff Appendix P, Section 5.1.

Respectfully submitted,

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Independent Market Monitor for the
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Dated: October 29, 2024

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California, this 29th day of October, 2024.

/s/ Aprille Girardot
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