

Memorandum

To: ISO Board of Governors

From: Roger Collanton, Vice President, General Counsel, Chief Compliance Officer,
and Corporate Secretary

Date: September 27, 2024

Re: Regulatory update (since July 10, 2024)

This memorandum does not require ISO Board of Governors action.

Highlights

- *FERC issues an order accepting a tariff amendment to enhance cost-verified bidding above the \$1,000/MWh soft energy bid cap consistent with Order No. 831 and enabling energy storage resources to bid above the soft energy bid cap in the real-time markets during certain conditions.*
- *ISO files tariff amendment to implement interconnection process reforms*

Federal Energy Regulatory Commission

• **E-Tag Submission Timeline Clarification (ER24-2381)**

On August 23, 2024, FERC issued an order accepting the ISO's tariff amendment to clarify the interaction between the electronic tag (E-Tag) submission timeline and the accompanying intertie transaction's eligibility for a schedule in the fifteen-minute market. .

• **Sentinel Energy Center – Black Start (ER24-2813)**

On August 20, 2024, the ISO filed a petition for limited waiver to facilitate deployment of black start capability to meet a critical reliability need in southern California. For Sentinel to begin black start construction and commissioning activities, it must take various resource adequacy units at its generating facility out of service for a portion of the months of October and November 2024. Granting the requested waiver allows the ISO to approve the outages without imposing additional costs on Sentinel for substitute resource adequacy capacity.

Regulatory Orders and Filings Through September 18, 2024

- **Modernize Legacy Reporting Requirements (ER24-2778)**

On August 14, 2024, the ISO filed a tariff amendment and a supporting motion to retire legacy informational reports established through FERC orders. The informational reports relate to available balancing capacity, market disruptions, use of a maximum gas burn constraint, and exceptional dispatches. The ISO will continue to provide relevant information through reports it posts on its website but the legacy informational reports have served their intended purpose and are no longer necessary.

- **Great Basin Transmission, LLC (EL24-127)**

On August 12, 2024, the ISO filed comments on Great Basin's petition for declaratory order that seeks approval of abandoned plant and regulatory asset rate incentives for the Southwest Intertie Project–North Transmission Line (SWIP-North) and certain associated upgrades to the existing One Nevada 500 kV Transmission Line. In its comments, the ISO argued any order addressing Great Basin's petition should clarify that Great Basin may not recover any abandoned plant costs associated with the project from ISO transmission customers until the ISO and Great Basin have executed a project sponsor/entitlements agreement associated with SWIP-North and FERC has accepted that agreement.

- **PacifiCorp – Uplift Costs (EL24-98)**

On August 5, 2024, FERC issued an order approving a settlement agreement between the ISO and PacifiCorp to resolve PacifiCorp billing disputes regarding the market impacts of unscheduled flows within PacifiCorp East. These unscheduled flows resulted in an allocation of uplift costs to PacifiCorp as the applicable WEIM Entity. The settlement allows PacifiCorp to apply these adjustments to mitigate the uplift costs that PacifiCorp would otherwise sub-allocate to its customers under its transmission tariff.

- **2024 Tariff Clarifications (ER24-2687)**

On August 2, 2024, the ISO filed revisions to clarify several areas of the tariff. The filing corrects typographical errors, realigns or removes erroneous cross-references, clarifies ambiguity, and ensures consistency of the tariff with the ISO's business practices.

- **Interconnection Process Enhancements 2023 Initiative (ER24-2671)**

On August 1, 2024, the ISO filed a tariff amendment to implement reforms essential for the ISO to adapt to the recent dramatically increased levels of generator requests to interconnect to the ISO controlled grid. The ISO's proposed reforms will assess transmission availability and allocate limited deliverability by prioritizing projects seeking deliverability. These reforms will identify the most viable and needed projects,

Regulatory Orders and Filings Through September 18, 2024

and enable them to advance through the ISO's interconnection study process in those zones where transmission capacity will be available, providing sufficient resource availability and diversity in the interconnection queue.

On September 3, 2024, the ISO answered comments and protests, addressing concerns about the ISO's proposed reforms. .

- **Price Formation Enhancements – Order No. 831 (ER24-2168)**

On July 31, 2024, FERC issued an order accepting the ISO's tariff revisions to remove a restriction that scheduling coordinators manually submit reference level adjustment requests to raise their default energy bids above the soft offer energy bid cap when default energy bids would, by their own calculation, rise above \$1,000/MWh. The order also enables storage resources to bid above the soft energy bid cap in the real-time markets during certain conditions. The order finds the tariff revisions will reduce the need for manual dispatch of resources and help the ISO manage resources' energy limitations over the day, thereby improving the ISO's ability to reliably and economically meet net peak demand. The order also finds the tariff revisions will ensure that a resource's cost-based incremental energy offer reasonably reflects that resource's actual or expected costs.

- **Credit-Related Information Sharing Between Organized Wholesale Electric Markets (Order No. 895) (ER24-155/RM22-13)**

On July 25, 2024, FERC issued an order accepting the ISO's tariff revisions to comply with the requirements of Order No. 895, which authorizes FERC jurisdictional ISOs/RTOs to share market-participants' credit-related information with other RTOs/ISOs for the purpose of credit risk management and mitigation. The tariff revisions will permit the ISO to use, and treat as confidential, market participant credit-related information received from another ISO/RTO to the same extent and for the same purpose as information received from its own market participants.

- **Wheeling-through Priority (ER23-2510)**

On July 8, 2024, FERC issued an order granting the ISO's waiver request seeking an extension up to and including December 17, 2024 to modify various software systems to ensure that its systems recognize the resale or assignment of monthly wheeling-through priority and process financial settlements.

Non-conforming regulatory agreements

- **Transmission Control Agreement: DCR Transmission, LLC (ER24-1701)**

On September 11, 2024, FERC issued an order accepting the ISO's revisions to the Transmission Control Agreement to reflect the in-service date of the Ten West Link Project,

Regulatory Orders and Filings Through September 18, 2024

in compliance with directives in FERC's June 4, 2024, order.

- **Congestion Revenue Right (CRR) Exchange Agreement: Transmission Agency of Northern California (TANC) (ER24-2979)**

On September 5, 2024, the ISO filed an amendment to the CRR Exchange Agreement, which provides TANC the opportunity to exchange transmission capacity on the California-Oregon Transmission Project for option CRRs. The amendment extends the term of the agreement by five years.

- **Applicant Participating Transmission Owner Agreement – SunZia Transmission (ER24-2471)**

On September 3, 2024, FERC issued an order accepting an Applicant Participating Transmission Owner Agreement between the ISO and SunZia Transmission for the 552-mile, 3,021 MW high-voltage direct current transmission project in New Mexico and Arizona as well as transmission entitlements from Pinal Central, Arizona to the Palo Verde substation in western Arizona.

- **WEIM: Black Hills Service Company, LLC (ER24-2917)**

On August 29, 2024, the ISO filed an implementation agreement between the ISO and Black Hills Service Company, LLC setting forth the terms under the ISO will extend its existing real-time energy market systems to provide imbalance energy service to Black Hills pursuant to the ISO's WEIM tariff provisions.

- **Unexecuted GIA: PG&E/Agua Amarga Wind LLC/ISO (ER24-2705)**

On August 26, 2024, the ISO filed comments in support of an unexecuted generator interconnection agreement with Agua Amarga Wind LLC filed by PG&E.

- **Large Generator Interconnection Agreement: APS/IID/SDG&E/Elizabeth Solar/ISO (ER24-2789)**

On August 16, 2024, the ISO filed a certificate of concurrence in support of a non-conforming agreement to facilitate interconnecting a 350 MW solar generation project and battery energy storage system into the APS and ISO systems at the Hoodoo Wash 500kV Switchyard (co-owned by APS, SDG&E, and IID).

- **Planning Coordinator Agreement: California Department of Water Resources (ER24-2202)**

On July 31, 2024, FERC issued an order accepting the ISO's filing to amend and extend the term of its planning coordinator agreement with the California Department of Water Resources.

Regulatory Orders and Filings Through September 18, 2024

- **Generator Scheduling Agreement – WAPA (ER24-2626)**

On July 30, 2024, the ISO filed a first amended and restated generator scheduling agreement with the Western Area Power Administration extending the term of agreement to support schedules from the O'Neill Pump-Generating Plant.

California Public Utilities Commission

- **Resource Adequacy (R.23-10-011)**

On September 9, 2024, and September 16, 2024, the ISO filed comments supporting Energy Division's revised slice of day planning reserve margin calibration tool and translation of the annual loss of load expectation study for 2026. The ISO's comments encourage adoption of planning reserve margin stress testing as part of the formal process to set the planning reserve margin.

On August 9, 2024, the ISO filed opening comments encouraging an adoption of a 0.1 loss of load expectation as the reliability target for the Resource Adequacy program. The ISO encouraged the CPUC to conduct the loss of load expectation studies regularly as key assumptions in these studies may change significantly year over year. The ISO also encouraged the CPUC to assess the planning reserve margin impacts of storage resource modeling and availability, and to coordinate with the ISO in developing an unforced capacity framework.

- **Integrated Resource Planning (R.20-05-003)**

On August 8, 2024, the ISO filed comments on a proposed decision, supporting the CPUC's efforts to develop a framework for centralized procurement of long lead-time resources. The ISO argued that providing advance direction on procurement would help ensure sufficient lead-time to complete procurement, interconnection, permitting, and construction processes and account for other risks such as supply chain delays. The ISO encouraged the CPUC to consider options for bridge or backstop procurement in a future track of this proceeding to help maintain reliability and achieve greenhouse gas reduction targets.

On August 13, 2024, the ISO filed reply comments on the proposed decision determining need for centralized procurement, supporting the need for coordination between CPUC resource planning and ISO transmission planning. The ISO explained clear CPUC direction on procurement far in advance of the need, and reflected in Integrated Resource Plan portfolios, will help the ISO timely identify and approve new transmission projects, and also help developers determine when and where to enter the interconnection queue.

On August 29, 2024, the ISO filed comments supporting the CPUC's proposed decision and encouraging the CPUC to create a category of zero-emitting bridge contracts that load

Regulatory Orders and Filings Through September 18, 2024

serving entities can use to meet procurement targets and support near-term reliability until replacement capacity for the Diablo Canyon Power Plant comes online.

- **Order Instituting Rulemaking to Update and Amend Commission General Order 131-D (R.23-05-018) – Planning and Construction of Electric Plant**

On July 1, 2024, the ISO filed comments to encourage the CPUC to find solutions that promote efficient transmission infrastructure deployment and transparency. The ISO's comments support the staff proposal's inclusion of a rebuttable presumption for ISO-approved projects, reflecting the independent evaluation process undertaken by the ISO to identify transmission solutions necessary to meet the reliability and policy needs of the state. In addition, the ISO supports a proposed pilot program to expedite California Environmental Quality Act review timelines. The ISO's comments also support the proposed reform focusing on routing and siting alternatives that address the ISO's electrical solution and deferring the analysis of system alternatives to the ISO's transmission planning process.

On July 15, 2024, the ISO filed reply comments to correct misrepresentations about its transmission planning process, and to provide an overview of inputs and outcomes to support the ISO's prior positions that the CPUC should leverage the ISO's transmission planning analysis to streamline permitting and the California Environmental Quality Act process.

Other Regulatory Agencies

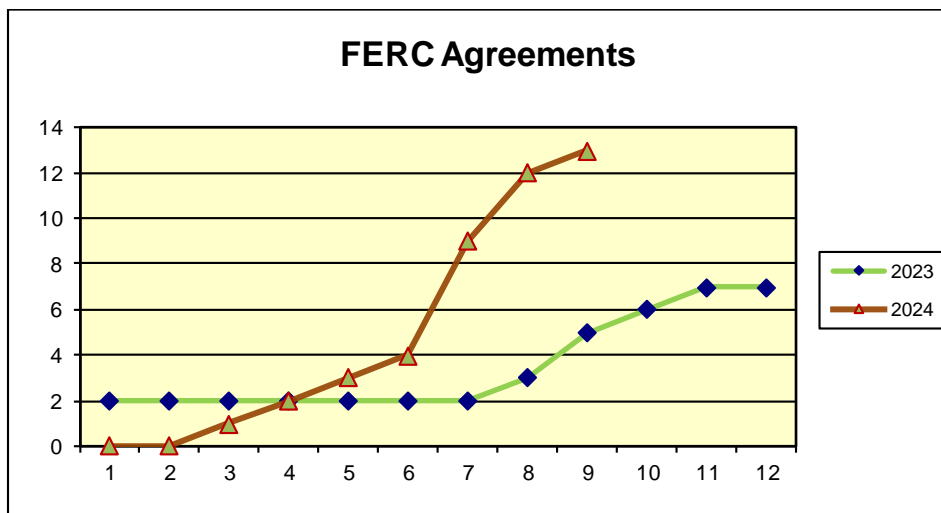
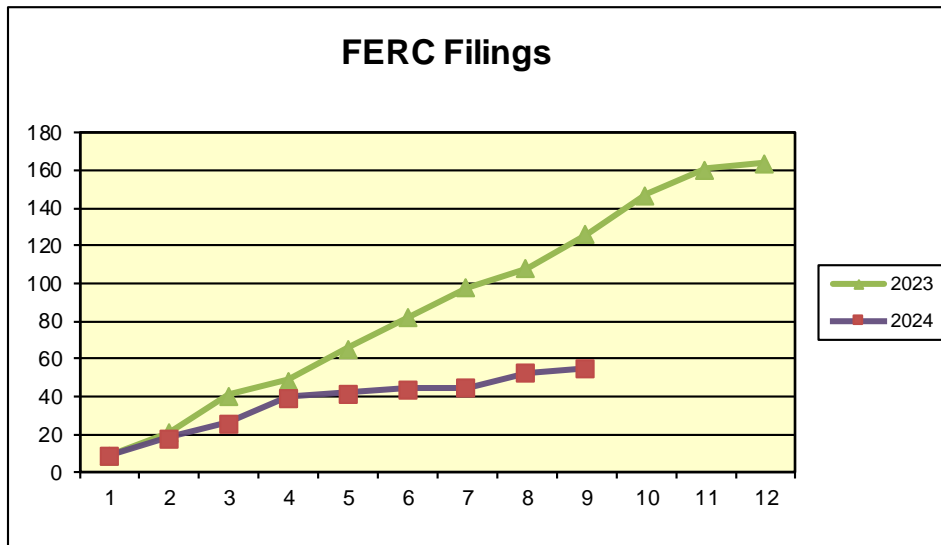
- **Washington State Department of Ecology (173-441 and 173-446 WAC) – Cap and Invest and Organized Electricity Markets**

On August 20, 2024, the ISO filed comments to explain how ISO's market rules can complement the rules Washington is considering for identifying specific resources that support electricity imports into the state of Washington. When EDAM launches in 2026, the ISO's market will include resource-specific attribution rules to support Washington's cap-and-invest program for EDAM and WEIM entities.

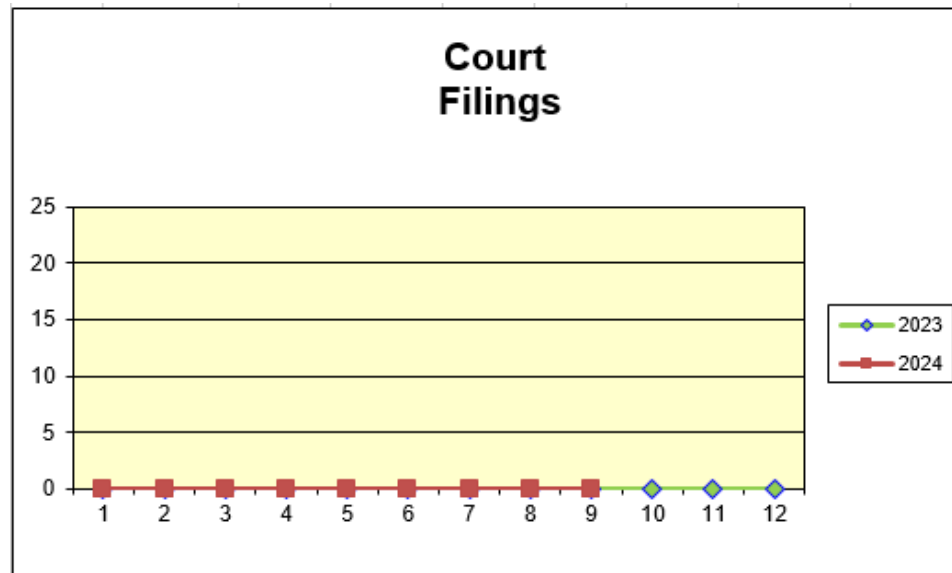
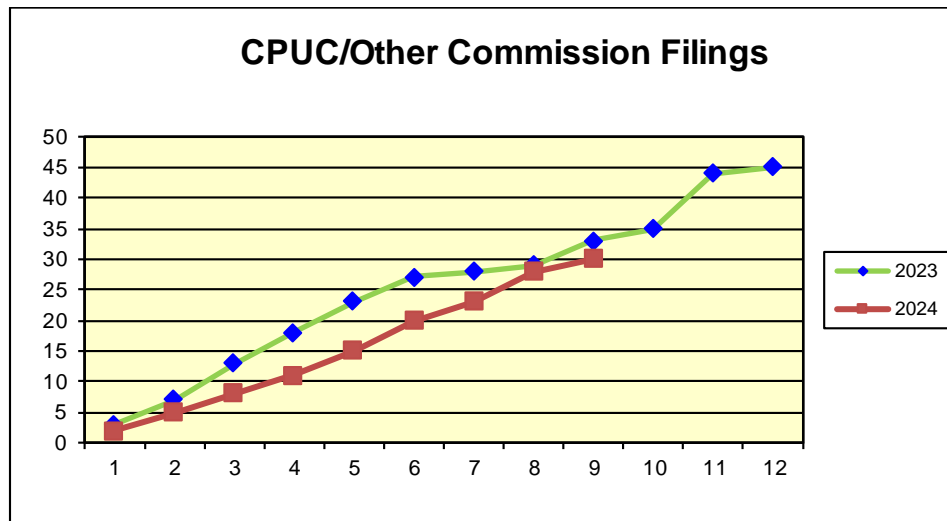
- **Department of Homeland Security: Cyber Incident Reporting for Critical Infrastructure Act Reporting Requirements (CISA-2022-0010)**

On July 3, 2024, the ISO joined the ISO/RTO Council in comments on the Department of Homeland Security Cybersecurity and Infrastructure Security Agency's (CISA) notice of proposed rulemaking regarding reporting requirements. The ISO/RTO Council's comments encourages CISA to collaborate with other agencies as well as engagement with stakeholders via technical conference to streamline reporting requirements as well as identify the appropriate treatment of confidential information and criteria for reportable cyber incidents.

Regulatory Orders and Filings Through September 18, 2024



Regulatory Orders and Filings Through September 18, 2024



Regulatory Orders and Filings Through September 18, 2024

