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CLIENT ALERT

May 19, 2020

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FERC Approves CAISO Off-Peak Deliverability Status Proposal, But Without Crucial Self-Schedule Benefit

This morning FERC issued an order approving in part and rejecting in part the CAISO's tariff filing creating a new Off-Peak Deliverability Status ("OPDS") for interconnection customers. The proposal was driven in part by the California Public Utilities Commission's new methodology for calculating the qualifying capacity of solar and wind resources and the shift in peak demand to a period later in the day when less solar is available. As a result, the CAISO's proposal seeks to address an anticipated decrease in the size and volume of delivery network upgrades that may affect a project's ability to deliver during off-peak times. This new deliverability status is available to interconnection customers if: (i) they site in locations that do not face off-peak constraints; (ii) they finance the Off-Peak Network Upgrades that will relieve off-peak constraints; or (iii) the delivery network upgrades identified in the on-peak deliverability assessment will also relieve any off-peak constraints.

A critical component of the CAISO's proposal intended to incentivize generators to elect financing off-peak network upgrades by prohibiting generators who forego this financing from self-scheduling. FERC rejected this element of the proposal, stating that the "CAISO has not justified why some interconnection customers should receive the proposed self-scheduling benefit in the energy market for upfront funding of transmission upgrades whose costs are eventually rolled into transmission rates and borne by all transmission customers, while other interconnection customers do not," and looking to the fact that network upgrades are ultimately reimbursed. The order requests that the CAISO file a revised tariff removing the limitations on self-scheduling to only OPDS projects, which would otherwise have been the primary benefit of selecting this new status.

If you have questions or would like to discuss potential impacts on your business, please feel free to contact our attorneys listed below.



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