

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

<b>California Independent System</b>	)	
<b>Operator Corporation</b>	)	<b>Docket Nos. ER05-849-002</b>
	)	<b>ER05-849-003</b>
	)	<b>ER05-849-006</b>
	)	<b>ER05-849-007</b>
	)	<b>ER05-849-008</b>

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION TO REQUEST FOR CLARIFICATION OF  
THE NRG COMPANIES**

Pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2007), the California Independent System Operator Corporation ("CAISO") hereby submits this answer to the November 17, 2008 motion by the NRG companies ("NRG") for clarification of the Commission's October 17, 2008 Order in these proceedings.<sup>1</sup> In the October 17 Order, the Commission resolved all outstanding issues regarding the CAISO's Station Power program filed in these dockets.<sup>2</sup> The CAISO's answer is limited to the correction and clarification of certain of the assertions in NRG's motion in order to permit the Commission to render its decision on NRG's motion based on full and accurate information.

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<sup>1</sup> *California Independent System Operator Corporation*, 125 FERC ¶ 61,072 (2008) ("October 17 Order").

<sup>2</sup> Unless otherwise defined herein, terms used with initial capitalization have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff.

**I. ANSWER**

**A. NRG Misstates the Facts Regarding the CAISO's Processing of Station Power Portfolio Applications.**

In its motion, NRG asserts: "CAISO has not, however, processed applications under the Station Power Protocol in a timely manner."<sup>3</sup> NRG bases this assertion on the observation that "as of April 11, 2008, CAISO confirmed that a substantial majority of the filed application were 'on hold' – some for nearly two years."<sup>4</sup> NRG's observation is entirely accurate; however, its conclusion is erroneous. It is true that many applications for Station Power Portfolios are currently "on hold" and haven't been processed by the CAISO. However, that is entirely at the request of the applicants.

The CAISO has been ready, willing, and able to process applications since the initial date the Commission ordered the CAISO to implement the Station Power Protocol. However, as a result of the uncertainty created by the pending nature of the Commission's proceedings on this matter for the past few years, applicants have been reluctant to proceed with their applications and have themselves requested that the CAISO desist from processing their applications and place them "on hold." It is not the CAISO but the applicants themselves that have imposed the delays on the CAISO's processing of applications.

In addition, while NRG states that it abandoned its intent to participate in the Station Power program in 2006 because it asserts that the CAISO "was not processing" Station Power Portfolio applications at that time,<sup>5</sup> that assertion is at

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<sup>3</sup> NRG motion at 10.

<sup>4</sup> Id.

<sup>5</sup> Id.

odds with the fact that the CAISO actually processed and approved six applications for Station Power Portfolios in 2006. This fact is easily determined by a review of the CAISO's website.<sup>6</sup> However, NRG omitted mention of this fact in its motion while focusing on the applications that have been "on hold." The CAISO's posted description of the status of Station Power Portfolios also documents that two Station Power Portfolios that the CAISO approved were subsequently discontinued by the applicants, even after CAISO approval.

The CAISO has worked diligently with applicants since early 2006 to process applications, establish their portfolios, and incorporate them into the Station Power program. At no time since the Commission ordered the CAISO to implement the Station Power program on April 1, 2006 has the CAISO stopped accepting or processing these applications. Only recently, in the last month, has the CAISO begun to indicate to applicants that their portfolios may be delayed in implementation due to the CAISO's Master File data freeze for purposes of converting its systems pursuant to its Market Redesign and Technology Upgrade ("MRTU"). However, applications are still being processed, including technical review and responding to questions and inquiries from many generators. In fact, the CAISO has recently been working with NRG on efforts to initiate its Station Power Portfolio in response to NRG's renewed interest based on the issuance of the October 17 Order.

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<sup>6</sup> The list of the Station Power Portfolios that have been approved by the CAISO can be found on the CAISO's website at the following internet address:  
<http://www.caiso.com/180c/180ccbd8143a0.pdf>.

**B. The CAISO's Provisions for "Permitted Netting" of Station Power Load on a Real-Time Basis Have Benefited Generators.**

One of the other implications of NRG's motion is that the CAISO did not have any provision for compliance with the Commission's Station Power policies until it implemented its Station Power Protocol on April 1, 2006. However, the CAISO points out for the Commission's consideration in this regard that the CAISO's provisions for so-called "permitted netting" in real time – which the Commission accepted with minor revisions in the October 17 Order upon rehearing – have been a part of the CAISO Tariff since the CAISO's inception in 1998. Generators have benefited from this aspect of the netting of Station Power in real time throughout the existence of the CAISO.

**II. CONCLUSION**

The CAISO urges the Commission to consider the foregoing corrections and clarifications to the assertions in the NRG motion in rendering its decision on that motion.

Respectfully submitted,

**/s/ Michael D. Dozier**

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## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties on the official service list compiled by the Secretary in the above-captioned 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 2<sup>nd</sup> day of December 2008.

*/s/ Anna Pascuzzo*  
Anna Pascuzzo