

NCPA notes that so far the ISO has only proposed dynamic scheduling arrangements or protocols to accommodate resources outside the ISO Control Area that wish to dynamically schedule into the ISO Control Area.¹ However, NCPA goes further to state 1) that entities who seek to dynamically schedule into the ISO Control Area for self-scheduling purposes or 2) who seek to dynamically schedule a resource out of the ISO Control Area still do not have a tariff option.

As to NCPA's first point, regarding entities that seek to dynamically schedule into the ISO Control Area for self-scheduling purposes, NCPA does not explain what it means by "self-scheduling purposes." Under the ISO Tariff, all dynamic schedules are required to be submitted by a Scheduling Coordinator, just like all other Schedules submitted to the ISO. NCPA does not provide any explanation how it means to distinguish "self-schedules" from any other types of Schedules. Because of this lack of clarity, the ISO cannot reasonably respond to, nor be expected to speculate regarding, the meaning of NCPA's statement – even if it were in any way relevant to this proceeding.

As to NCPA's second point, NCPA states that the ISO Tariff does not provide authority for entities to dynamically schedule a resource out of the ISO Control Area. In Amendment No. 59 to the ISO Tariff,² the ISO proposed to allow the dynamic scheduling of imports of Energy and Ancillary Services from System Resources to respond to ISO dispatch instructions within an operating hour, facilitating the participation of imports in the ISO's 10-minute markets. In so

¹ Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, Appendix A to the ISO Tariff.

² California ISO, Amendment No. 59 to the ISO Tariff, FERC Docket No, ER04-793-000. footnote 7 (April 30, 2004) ("Amendment No. 59 filing").

doing, the ISO's goal was to increase the volume of bids in the ISO's Supplemental Energy market, and thus promote the development and maintenance of a competitive market.

Per its Amendment No. 59 filing, the ISO proposed to allow imports from System Resources. System Resources are, by definition, located outside of the ISO Control Area.³ As such, the ISO did not contemplate the export of Energy and Ancillary Services from the ISO Control Area in the Amendment No. 59 filing. The ISO stated that it focused its efforts on developing standards for imports due to the short time frame it had within which to make its dynamic scheduling filing.⁴ The ISO also explained that while there had been some informal inquiries from Market Participants regarding dynamically scheduling exports, exports would require different standards than those required for imports "due to different operational and business relationship of the ISO to resources within the ISO Control Area in contrast to imports from other Control Areas...[and] the ISO has far more limited experience with the dynamic scheduling of exports."⁵ As the ISO previously explained in Amendment No. 59, it is aware of the need to explore the issue of the dynamic scheduling of exports. However, this issue is not ripe for discussion in the instant filing as it deserves a great deal of consideration and thorough assessment as to the functionality of dynamic scheduling of exports, including pilot programs similar to the case of dynamic scheduling of imports.

³ The ISO Tariff defines System Resource as "[a] group of resources located outside of the ISO Control Area capable of providing Energy and/or Ancillary Services to the ISO Controlled Grid."

⁴ Supra note 1.

⁵ Id.

While the ISO is not obligated under the North American Electric Reliability Council (“NERC”), Western Electricity Coordinating Council (“WECC”) or the Commission’s requirements under Order No. 888 to implement dynamic transfers, the ISO understands that Market Participants are concerned about the dynamic scheduling of exports and will continue to take the necessary steps to explore the possible implementation of this functionality.⁶ However, to require the ISO to implement a functionality that it is neither obligated, nor currently equipped, to provide would be unfounded and operationally burdensome – even if it were in any way relevant to this proceeding.

II. CONCLUSION

For the foregoing reasons, the ISO respectfully requests that the Commission grant the ISO’s motion for leave to file an answer and Answer to NCPA. Furthermore, the ISO requests that NCPA’s comments be dismissed in their entirety as irrelevant, untimely, outside the scope of this proceeding and thus procedurally inappropriate. The ISO is unable to substantively respond to NCPA’s issue of “self-scheduling” as NCPA does not provide any explanation. The ISO requests that the Commission defer ruling on the issue of dynamic scheduling of exports as it is not ripe for discussion, especially in this docket. The ISO is aware of the requests for the dynamic scheduling of exports by

⁶ For example, the ISO recently entered into an amendment to its Interconnected Control Area Operating Agreement with the Sacramento Municipal Utility District (“SMUD”) wherein SMUD has agreed to allow dynamically scheduled Energy and non-Regulation Ancillary Services and has requested that the ISO develop a pilot program for the dynamically scheduled export of Energy and Ancillary Services. Pursuant to this agreement, the ISO will be working with SMUD in the coming months to develop this new pilot program and will file it with the Commission once its terms have been finalized with SMUD.

certain Market Participants and is in the early stages of exploring this form of dynamic transfer.

Respectfully submitted,

/s/ Geeta O. Tholan

Geeta O. Tholan

Regulatory Counsel

California ISO

151 Blue Ravine Road

Folsom, CA 95630

Telephone: 916-608-7048

Facsimile: 916-608-7222



December 22, 2004

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket No. ER05-224-000**

Dear Secretary Salas:

Enclosed for electronic filing please find Answer of The California Independent System Operator Corporation to the Motion to Intervene of The Northern California Power Agency in the above captioned docket.

Thank you for your assistance in this matter.

Respectfully submitted,

/s/ Geeta O. Tholan

Geeta O. Tholan
Counsel for The California Independent
System Operator Corporation

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above-captioned dockets.

Dated at Folsom, California, on this 22nd day of December, 2004.

/s/ Geeta O. Tholan
Geeta O. Tholan