

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

THE WASHINGTON HARBOUR
3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FAX (202) 424-7643
WWW.SWIDLAW.COM

NEW YORK OFFICE
THE CHRYSLER BUILDING
405 LEXINGTON AVENUE
NEW YORK, NY 10174
(212) 973-0111 FAX (212) 691-9596

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November 6, 2001

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

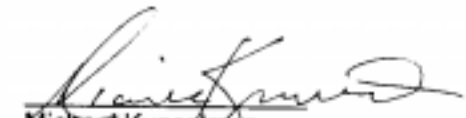
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FEDERAL ENERGY REGULATORY COMMISSION

**Re: California Independent System Operator Corporation
Docket Nos. ER98-997-000 and ER98-1309-000**

Dear Secretary Boergers:

Enclosed is an original and fourteen copies of the Answer of the California Independent System Operator Corporation to the Motion of Official Notice of the Cogeneration Association of California. Also enclosed is an extra copy of the filing to be time/date stamped and returned to us by the messenger. Thank you for your assistance.

Respectfully submitted,


Michael Kunselman
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Washington D.C. 20007

Counsel for the California
Independent System Operator Corporation

Enclosures

cc: Service List

011107-0405-1


DOCKETED

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System)
Operator Corporation) Docket Nos. ER98-997-000
) ER98-1309-000
)

ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TO THE MOTION FOR OFFICIAL NOTICE
OF THE COGENERATION ASSOCIATION OF CALIFORNIA

Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, the California Independent System Operator Corporation (“ISO”) hereby provides its Answer to the Motion for Official Notice of the Cogeneration Association of California (“CAC”), filed on October 22, 2001. The ISO respectfully requests that the Commission deny the motion.

CAC’s motion asks the Commission to take official notice of two documents: a rate filing of Pacific Gas and Electric Company (“PG&E”) before the California Public Utilities Commission (“CPUC”) and a data response by San Diego Gas & Electric Company (“SDG&E”) in Docket No. ER01-313-000. CAC contends that these documents are necessary to rebut certain statements in the ISO’s Brief on Exceptions regarding CPUC Decision 01-07-027.

The ISO would normally be reluctant to object to a request for official notice. Because the proffered evidence would be of such limited value – if of any value – to the Commission, however, it would be inappropriate to further burden an already extensive record at this late stage in the proceeding with this additional information.

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As an initial matter, Decision 01-07-027 speaks for itself. Pacific Gas and Electric Company's interpretation of the decision in its tariff and San Diego Gas & Electric Company's interpretation of the decision in a data response would not provide any authoritative evidence to assist the Commission in interpreting the decision.

Further, the evidence is offered to rebut the ISO's Brief on Exceptions regarding a very collateral point. The ISO stated that CPUC Decision 01-07-027 required that Generation Energy and Capacity rates be removed from the standby rate and included in a separate rate – and, indeed, one ordering paragraph so implies. ISO Brief on Exceptions at 31 (hereinafter "ISO Br."); Decision 01-07-027, Ordering Paragraph 7. PG&E and SDG&E contend that they may separately state the Energy rate in the standby rate. The difference is one of semantics. Either way, the Energy rate must be separately stated.

More to the point, the ISO noted that, under the CPUC decision, standby rates would not include a component for reserve capacity. ISO Br. at 31. The ISO concluded:

Thus, unless an IOU files a new tariff for the provision of sufficient Operating Reserves to meet WSCC criteria, there can be no question that the ISO must procure those reserves, and the application of the ISO Tariff Ancillary Services requirements to the QF and its Load is appropriate. If a QF or its Load does contract with an IOU or other UDC for the necessary amount of Operating Reserves, then the Scheduling Coordinator for the UDC can identify those reserves to the ISO as self-provided, which will satisfy the terms of the ISO Tariff. In either case, the application of the ISO Tariff provisions regarding the procurement of Ancillary Services will continue to be just and reasonable"

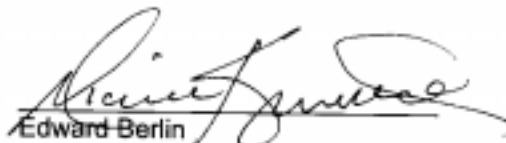
Id. at 31-32. It is this issue – the need for the ISO to procure reserve capacity for QF on-site Load – that is the fundamental issue in the present proceeding. The

ISO has not contested the appropriateness of QFs continuing to purchase backup Energy from a UDC if there is an appropriate rate on file. CAC's proffered evidence does not address the issue of reserve capacity. It is thus of no significant value to the Commission.

Accordingly, the ISO requests that the Commission deny CAC's Motion for Official Notice.

Respectfully submitted,

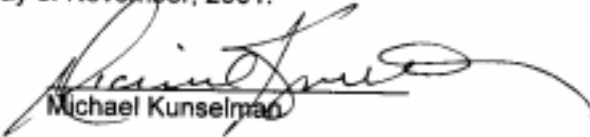
Charles F. Robinson
Vice President/General Counsel
Jeanne Sole, Regulatory Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Phone: (916) 608-7144
Fax: (916) 608-7296


Edward Berlin
Kenneth G. Jaffe
Michael E. Ward
Michael Kunselman
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007
Phone: (202) 424-7500
Fax: (202) 424-7643

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the restricted service list compiled by the Presiding Judge in this proceeding.

Dated at Washington, D.C., this 6th day of November, 2001.


Michael Kunselman

