



August 5, 2022

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket No. ER22-____-000**

FERC Electric Tariff No. 7, Transmission Control Agreement

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO) submits for filing and acceptance changes to the Transmission Control Agreement (TCA) among the CAISO and the current Participating Transmission Owners (PTO) to: (1) remove the City of Vernon, California (Vernon) as a PTO because, once certain contracts are terminated, Vernon will have no transmission assets or Entitlements under the CAISO's operational control; and (2) make several ministerial updates to the Entitlements held by the City of Azusa, California (Azusa).¹

The CAISO requests that the Commission accept the proposed TCA changes effective as of October 7, 2022, in order to coincide with Vernon's proposed effective date for cancelling its Transmission Owner Tariff (TO Tariff). Further, the CAISO requests that the Commission direct the CAISO to submit a compliance filing to revise the effective date of the proposed TCA changes to reflect the date that the TO Tariff has been cancelled in the event that date may be later than the October 7 effective date requested by Vernon.

¹ The CAISO submits this filing pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Part 35 of the Commission's regulations, 18 C.F.R. Part 35. The TCA is designated as the CAISO's FERC Electric Tariff No. 7. Capitalized terms not otherwise defined in this transmittal letter have the meanings set forth in Appendix D (Master Definitions Supplement) to the TCA.

I. Background

A. Vernon

Vernon is currently a PTO with the CAISO by virtue of having turned over operational control of its three Existing Transmission Contracts (ETCs) to the CAISO's operational control,² and executing the TCA. Those ETCs have provided Vernon with rights to use certain transmission capacity of SCE and LADWP. Vernon has no transmission assets other than the ETCs. As the means by which Vernon, as a PTO, has set forth Vernon's charges for transmission access to the CAISO Controlled Grid, Vernon initially filed its TO Tariff with the Commission in Docket No. EL00-105-000, effective January 1, 2001.

Vernon sent the CAISO a letter dated February 7, 2022, indicating Vernon's intent to withdraw from the TCA, effective as of the expected termination date of the ETCs on October 7, 2022. The CAISO responded, noted that it had no objections to Vernon's proposed withdrawal, and requested Vernon to submit its formal notice of withdrawal from the TCA to be posted on the CAISO website in accordance with Section 3.3.4 of the TCA. Specifically, without any transmission assets or Entitlements under CAISO operational control, Vernon is terminating its participation with the CAISO as a PTO through withdrawal from the TCA.³

On May 5, 2022, consistent with the CAISO's instruction, Vernon submitted its formal Notice of Withdrawal from the TCA, proposed to be effective November 1, 2022 (*i.e.*, the first day of the month following the effective date of the termination of Vernon's ETCs with SCE and LADWP). As required by Section 3.3.4 of the TCA, the CAISO posted the Notice of Withdrawal on the CAISO public website and sent a courtesy notice to the listed contacts of all signatories to the TCA on May 17, 2022.⁴ As of the time of this filing, the CAISO has not received any objections from the other parties to the TCA regarding Vernon's Notice of Withdrawal. The CAISO more recently indicated that if Vernon were to file and the Commission were to accept a filing to cancel Vernon's TO Tariff effective October 7, 2022, the CAISO would be able to file an

² Two of the three ETCs are with Southern California Edison Company (SCE); the remaining ETC is with the Los Angeles Department of Water and Power (LADWP). Typically, an entity turns over operational control of transmission assets to the CAISO in becoming a PTO with the CAISO, as well as any ETC Entitlements. Vernon does not own any transmission assets.

³ Vernon will continue to participate in the CAISO markets as a metered subsystem (MSS) in the CAISO and will continue to operate under the MSS Agreement between the CAISO and Vernon, the currently effective version of which is on file with the Commission in Docket No. ER14-2032-000.

⁴ <http://www.caiso.com/Documents/City-of-Vernon-Notice-to-Withdraw-from-Transmission-Control-Agreement-May5-2022.pdf>.

amendment to the TCA to withdraw Vernon as a signatory to the TCA, also effective October 7, 2022.⁵

On June 24, 2022, Vernon submitted a filing to cancel its TO Tariff, effective October 7, 2022, in Docket No. ER22-2184-000 (June 24 Vernon Filing). The Commission accepted that filing by letter order issued on August 2, 2022. As explained in the June 24 Vernon Filing, Vernon has determined that its ETCs are no longer economically beneficial, and for that reason has decided to terminate its three ETCs. After termination of its ETCs, Vernon will have no transmission assets or Entitlements under the CAISO's operational control. Because Vernon's TO Tariff merely serves as a mechanism to pass through the costs of its ETCs, without its ETCs Vernon's TO Tariff will serve no purpose, and accordingly Vernon submitted the June 24 Vernon Filing to cancel its TO Tariff effective October 7, 2022. Similarly, the continuation of Vernon as a party to the TCA beyond the cancellation of its TO Tariff could raise questions about whether the ETCs remained under CAISO operational control. No party objected to Vernon's filing to cancel its TO Tariff and the CAISO submits this filing accordingly.

Vernon has been in close coordination with SCE, LADWP, and the CAISO regarding its desire to terminate each of its ETCs, cancel its TO Tariff, terminate its participation with the CAISO as a PTO and withdraw as a signatory to the TCA, and prepare a final accounting of its Transmission Revenue Requirement (TRR) and Transmission Revenue Balancing Account Adjustment (TRBAA).⁶ Each of those entities understands Vernon's intent and has indicated consent.

B. The TCA

The TCA is the agreement among the CAISO and PTOs that establishes the terms and conditions pursuant to which transmission owners place certain transmission facilities and Entitlements under the CAISO's operational control, thereby becoming PTOs. The TCA describes how the CAISO and each participating transmission owner will discharge its respective duties and responsibilities with regard to the operation of those facilities and Entitlements.

The initial TCA was filed as part of the comprehensive "Phase II" filings submitted by the trustee on behalf of the CAISO on March 31, 1997. Refinements to the TCA were made as a result of a stakeholder process, and a revised TCA was submitted on August 15, 1997, in compliance with a

⁵ The CAISO has advised Vernon that it would be preferable to align the cancellation of the TO Tariff and the amendment of the TCA to withdraw Vernon as a PTO.

⁶ The CAISO will resolve any accounting for the final settlement of Vernon's TRR and TRBA in accordance with the CAISO tariff, which Vernon has committed to subsequently file with the Commission. See Section 8.3 of Appendix F, Schedule 3 of the CAISO Tariff; and Vernon's Notice of Cancellation of its TO Tariff, Transmittal Letter at p. 5 (Docket No. ER22-2184).

Commission order.⁷ In its order dated October 30, 1997, the Commission granted interim and conditional authorization to the CAISO to commence operations and required certain modifications to the TCA.⁸ The CAISO filed the second revised TCA on February 20, 1998. By order dated March 30, 1998, the Commission conditionally accepted the TCA for filing to become effective on the CAISO operations date (March 31, 1998) and required further modifications to be made in a compliance filing within 60 days of the CAISO operations date.⁹

Since the CAISO operations date, additional changes have been made to the TCA from time to time to add new PTOs and for other purposes. The most recent changes to the TCA were filed in Docket No. ER21-1288-000 and accepted by Commission order dated May 5, 2021.

II. Proposed TCA Changes

To implement Vernon's withdrawal from the TCA, the CAISO proposes to delete the TCA signature page for Vernon (signature page no. 31) and the list of Vernon's facilities and Entitlements set forth in Appendix A to the TCA. In addition, the CAISO proposes to amend SCE's list of corresponding Encumbrances set forth in Appendix B to the TCA corresponding to the withdrawal of the Vernon SCE Entitlements and includes an updated signature page for SCE in support of this change (signature page no. 30). This will result in the Vernon Entitlement with LADWP no longer being available for use by CAISO market participants, while the Vernon Entitlements with SCE will revert back to SCE and remain under CAISO operational control and available for use by CAISO market participants.

In addition to the foregoing TCA revisions to reflect Vernon's change in status, also included in this filing are several ministerial updates to the list of Entitlements held by Azusa and shown in Appendix A to the TCA.¹⁰ These changes reflect (i) the deletion of Vernon as a party to certain agreements governing the Mead-Adelanto and Mead-Phoenix Projects; and (ii) the termination of certain contractual Entitlements to transmission service on the SCE system formerly held by Azusa, which conform Azusa's Entitlements as

⁷ *Pac. Gas & Elec. Co.*, 80 FERC ¶ 61,128 (1997).

⁸ *Pac. Gas & Elec. Co.*, 81 FERC ¶ 61,122 (1997).

⁹ *Cal. Indep. Sys. Operator Corp.*, 82 FERC ¶ 61,325, at 62,276-79 (1998). The CAISO submitted the required compliance filing on June 1, 1998.

¹⁰ The CAISO is also reinstating the Pacific Gas and Electric Company (PG&E) Appendix A and Supplement tariff record (v.6) with this filing. During the CAISO's submittal of a previous filing to add DesertLink, LLC to the TCA as a new PTO in 2020 (Docket No. ER20-1137), the tariff record for SCE was unintentionally duplicated under the PG&E tariff record. The Commission issued a letter order accepting that filing on April 21, 2020. No language has changed in the tariff record, but it is reinstated in the instant filing as intended in the Docket No. ER20-1137 filing.

shown in Appendix A to the currently effective listing of Encumbrances for SCE as shown in Appendix B to the TCA. An updated signature page for Azusa (signature page no. 33) is provided in support of these changes.¹¹

III. Effective Date

The CAISO requests that the Commission accept the proposed changes to the TCA contained in this filing effective as of October 7, 2022, which is the same effective date that Vernon proposes for cancellation of its TO Tariff in the June 24 Vernon Filing. Further, the CAISO requests that the Commission direct the CAISO to submit a compliance filing to revise the effective date of the proposed TCA changes to reflect the date that the TO Tariff has been cancelled in the event that date may be later than the October 7, 2022 effective date requested by Vernon.

IV. Attachments

In addition to this transmittal letter, the following documents support the instant filing:

Attachment A	Proposed clean version of the TCA
Attachment B	Red-lined document showing proposed changes to the TCA

V. Service

Copies of this filing, including all attachments, have been served upon Vernon, the PTOs, the Public Utilities Commission of the State of California, the California Energy Commission, and all parties with effective Scheduling Coordinator Agreements under the CAISO tariff. In addition, the CAISO has posted the filing and all attachments on the CAISO website.

¹¹ Section 26.11 of the TCA states that it can be amended, *inter alia*, by “mutual agreement of the Parties, subject to approval by FERC.” For amendments to the generally applicable provisions of the TCA, the CAISO has implemented this “mutual agreement” standard by obtaining and filing new signature pages from all current parties to the TCA. For amendments to party-specific provisions of the TCA, such as those proposed in this filing, the CAISO believes this standard to be satisfied by obtaining and filing updated signature pages only from the impacted parties and the CAISO, with verbal acknowledgement of consent or non-objection from other current TCA parties. The CAISO is continuing to follow this practice with respect to this filing. Accordingly, this filing includes updated signature pages for the CAISO (signature page no. 27), SCE, and Azusa.

VI. Correspondence

In according to Rule 203(b)(3) to the Commission's Rules of Practice and Procedure,¹² the CAISO respectfully requests that all correspondence and other communications regarding this filing should be directed to the following:

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VII. Conclusion

For the reasons set forth above, the CAISO requests that the Commission accept this filing of proposed TCA changes effective as explained herein.

Respectfully submitted,

/s/ John C. Anders

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¹² 18 C.F.R. § 385.203(b)(3).