

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

<b>SIG Energy LLLP</b>	)	
<b>Complainants,</b>	)	
	)	
<b>v.</b>	)	<b>Docket No. EL12-55-001</b>
	)	
<b>California Independent System</b>	)	
<b>Operator Corporation,</b>	)	
<b>Respondent</b>	)	

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION TO AMENDED COMPLAINT**

The California Independent System Operator Corporation (“ISO”) hereby submits its answer (“Answer”) to the amended complaint (“Amended Complaint”) filed in this proceeding by SIG Energy LLLP (“SIG”) on June 29, 2012.<sup>1</sup> In its initial complaint in this docket, SIG argued that the ISO has violated its tariff on August 17 and 19, 2011, by failing to use the marginal congestion cost at the Laughlin pricing node, or its equivalent, in order to settle congestion revenue rights (“CRRs”) that SIG held for the South Point pricing node. In the Amended Complaint, SIG alleges additional violations of the same nature on February 2-5 and February 7, 2011. In answers filed on May 11, 2012, and June 13, 2012, the ISO explained why the allegations of tariff violations on August 17 and 19, 2011, are meritless. Those explanations are equally applicable to the new allegations.

The only additional information that SIG provides the Commission is that the ISO notified market participants on June 13, 2012, that it is now retiring the South Point

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<sup>1</sup> The ISO submits this filing pursuant to Rules 206(f) and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.206(f), 385.213.

pricing node and reassigning CRRs sinking at South Point to the Laughlin pricing node. SIG concludes from this fact that the ISO now agrees that it should use the Laughlin pricing node as the alternative proxy for settlement of CRRs sinking at South Point.

SIG is incorrect. SIG ignores the differences, which should have been clear to it from the ISO's earlier answers, between the current circumstances and those present at the time of the alleged violations. First, prior to August 23, 2011, the ISO did not have tariff authority to reassign CRRs following a change in network topology removing a pricing node.<sup>2</sup> Second, even if the ISO had had such authority, the remapping and reconfiguring process would not have been – and could not have been – triggered until after the ISO issued a new revision of the CRR full network model.<sup>3</sup> As Dr. James Price has previously explained, this would not have occurred until after the full network model for general market operations had been updated, which properly did not occur until after the final phases of the construction of the Mohave-to-Laughlin 500 kV line were completed on January 5, 2012.<sup>4</sup>

In contrast, as of June 13, 2012, the ISO had the necessary tariff authority. The removal of Mohave-to-Laughlin 500 kV line was complete in January 2012, and the ISO properly removed South Point from DB59 of the full network model on June 14, 2012.<sup>5</sup>

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<sup>2</sup> See May 11, 2012 Answer at 11.

<sup>3</sup> See *id.* at 24.

<sup>4</sup> See June 13, 2012 Answer at 6-7 and n.16; May 11, 2012 Declaration of James Price submitted with ISO Answer (“Price Declaration”) at ¶¶ 15, 31-32. As the ISO has previously explained, even if these two obstacles are ignored and one (incorrectly) assumes that reassignment could have gone forward, SIG's South Point CRRs would have been reduced to zero upon reconfiguration through the simultaneous feasibility process required under tariff section 36.8.7.2. See May 11, 2012 Answer at 24; Price Declaration at ¶¶ 42-44.

<sup>5</sup> June 13, 2012 Answer at 7 n.16.

Unlike the situation prior to August 23, 2011, therefore, the ISO had both the authority and the factual basis to reassign the South Point CRRs as described in the June 13 notice.

SIG's amendment does not provide any additional support for its complaint. For the reasons explained in the May 11, 2012, and June 13, 2012, answers, the Commission should deny SIG's complaint.

Respectfully submitted,

**/s/ Burton A. Gross**

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July 16, 2012

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of this document upon all parties listed 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 this 13<sup>th</sup> day of June, 2012 in Folsom, California.

*Asl Anna Pascuzzo*  
Anna Pascuzzo