

July 9, 2012

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Compliance Filing
Docket No. EL12-40-001**

Dear Secretary Bose:

The California Independent System Operator Corporation submits this filing in compliance with the Commission's June 8, 2012 order conditionally granting the ISO's complaint to modify the Transmission Control Agreement (TCA).¹

I. Revisions to the TCA on Compliance

A. PG&E TCA Appendix A2

As explained in the June 8 order, Pacific Gas and Electric Company (PG&E) requested that the ISO submit a compliance filing to include revisions to PG&E's TCA Appendix A2, and the ISO agreed with PG&E's request.² The revisions consist of the deletion of item #5 (Western Systems Power Pool Agreement – WSPP Rate Schedule FERC No. 1) from the list of PG&E's entitlements in Appendix A2.³ The Commission directed the ISO to make the

¹ *California Independent System Operator Corp.*, 139 FERC ¶ 61,198 (2012) (June 8 order).

² *Id.* at PP 7, 11 & n.19.

³ PG&E comments at 2-3, cited in June 8 order at P 7 n.11.

revisions requested by PG&E on compliance.⁴ Accordingly, the ISO has modified Appendix A2 to include PG&E's revisions.⁵

B. Removal of MID Interconnection Agreement from the TCA

The June 8 order stated that the ISO should implement the proposal of Modesto Irrigation District (MID) to remove the MID Interconnection Agreement, Rate Schedule No. 116, as an encumbrance from the TCA.⁶ The removal of that encumbrance was reflected in the black-lined TCA included in the ISO's complaint in this proceeding.⁷ Therefore, no further action is required on compliance to remove the encumbrance from the TCA.

C. Effective Date

In the June 8 order, the Commission noted the ISO's request in the complaint that the proposed revisions to the TCA be made effective as of the date on which both of the following had occurred: (i) the Sunrise Powerlink project (Sunrise Project) had achieved commercial operation and (ii) the ISO had assumed operational control of the interest of Citizens Sunrise Transmission, LLC (Citizens Sunrise) in the Sunrise Project.⁸ The Commission granted the complaint and directed the ISO to "submit a compliance filing reflecting the actual effective date of the revised TCA within 30 days of the date it assumes operational control of [Citizens Sunrise's interest in] the Sunrise Project."⁹

The Sunrise Project achieved commercial operation on June 17, 2012 and the ISO assumed operational control of Citizens Sunrise's interest in the Sunrise Project on July 3, 2012.¹⁰ Therefore, the ISO has made the revisions to the TCA effective as of July 3.

⁴ June 8 order at P 18.

⁵ Although paragraph 18 of the June 8 order referenced PG&E's TCA Appendix B, PG&E's request was solely to revise Appendix A2, as discussed earlier in the June 8 order. In this regard, footnote 19 of the June 8 order correctly noted that the ISO's answer had mistakenly referred to Appendix A2 as Appendix B. This compliance filing correctly modifies Appendix A2 rather than Appendix B.

⁶ June 8 order at PP 7, 18.

⁷ See Attachment B to ISO complaint (black-lined TCA revisions), at PG&E Appendix B, struck-through item (k).

⁸ June 8 order at P 5.

⁹ *Id.* at P 17.

¹⁰ San Diego Gas & Electric Company (SDG&E) transferred operational control of the Sunrise Project to the ISO on June 17, 2012. On July 3, 2012, SDG&E transferred to Citizens

II. Materials Provided in this Compliance Filing

In addition to this transmittal letter, this compliance filing includes the following attachments:

- | | |
|--------------|---|
| Attachment A | Clean TCA sheets reflecting the revisions described in Section I of this transmittal letter |
| Attachment B | Proposed TCA revisions in black-line format |

III. Conclusion

The ISO requests that the Commission accept this filing as complying with the directives to revise the TCA contained in the Commission's June 8 order. Please contact the undersigned with any questions regarding this matter.

Respectfully submitted,

/s/ John C. Anders

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Sidney Davies
Assistant General Counsel
John C. Anders
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Attachment A

Modification of Appendix A1

Diagrams of Transmission Lines and Associated Facilities Placed Under the Operational Control of the CAISO

**(submitted by the CAISO on behalf of Pacific Gas and Electric Company
Transmission Owner)**

The diagrams of transmission lines and associated facilities placed under the Operational Control of the CAISO submitted by the CAISO on behalf of PG&E on March 31, 1997 are amended as follows.

Item 1: Port of Oakland 115 kV Facilities

Operational Control of the transmission facilities, shown on operating diagram, East Bay Region (East Bay Division), Sheet No. 1, serving the Port of Oakland and Davis 115 kV (USN) is not to be transferred to the CAISO. These are special facilities funded by and connected solely to a customer's substation and their operation is not necessary for Operational Control by the CAISO pursuant to the specifications of Section 4.1.1 of the TCA.

As of the date of execution of the TCA, the CAISO and PG&E are discussing further modifications to the diagrams of transmission lines and facilities placed under the control of the CAISO. A new version of the diagrams is to be filed with FERC prior to April 1, 1998. This subsequent version of the diagrams will reflect all modifications (including those described herein).

APPENDIX A2

List of Entitlements Being Placed Under CAISO Operational Control

(Includes only those where PG&E is a service rights-holder)

Ref. #	Entities	Contract / Rate Schedule #	Nature of Contract	Termination	Comments
1.	PacifiCorp, CAISO	PG&E Original Rate Schedule FERC No. 239	Transmission Exchange Agreement	12/31/2027 or per Section 4.2	Both entitlement and encumbrance. PG&E receives 800 MW north-to-south and 612.5 MW south-to-north transmission service on PacifiCorp's owned share of Malin–Round Mountain No. 2 500 kV line.
2.	PacifiCorp	PG&E Original Rate Schedule FERC No. 240	Lease of Transmission Capacity	12/31/2017	PG&E lease of varying amounts of PacifiCorp's share of the transmission capacity on the 500 kV No. 2 line between the Malin and Round Mountain substations. See also Section 2 of the Lease.
3.	SCE, Montana Power, Nevada Power, Sierra Pacific	WSCC Unscheduled Flow Mitigation Plan – PG&E Rate Schedule FERC No. 221	Operation of control facilities to mitigate loop flows	Evergreen, or on notice	No transmission services provided, but classified as an entitlement since loop flow is reduced or an encumbrance if PG&E is asked to cut.
4.	TANC, WAPA, and PacifiCorp	Owners Coordinated Operations Agreement – PG&E Rate Schedule FERC No. 229	Transmission system coordination, curtailment sharing, rights allocation, scheduling	1/1/2043, or on two years' notice, or earlier if other agreements terminate	Both entitlement and encumbrance

Supplement To PG&E's Appendix A

Notices Pursuant to Section 4.1.5

Pursuant to the Transmission Control Agreement Section 4.1.5 (iii), the transmission system¹ Pacific Gas and Electric Company (PG&E) is placing under the California Independent System Operator's Operational Control will meet the Applicable Reliability Criteria in 1998,² except (1) for the transmission facilities comprising Path 15, which do not meet the Western Systems Coordinating Council's (WSCC) Reliability Criteria for Transmission Planning with a simultaneous outage of the Los Banos-Gates and Los Banos-Midway 500 kV lines (for south-to-north power flow exceeding 2500 MW on Path 15),³ and (2) with respect to potential problems identified in PG&E's annual assessment of its reliability performance in accordance with Applicable Reliability Criteria, performed with participation from the ISO and other stakeholders; as a result of this process, PG&E has been developing solutions to mitigate the identified potential problems and submitting them to the ISO for approval.

Pursuant to Section 4.1.5(i), PG&E does not believe that transfer of Operational Control is inconsistent with any of its franchise or right of way agreements to the extent that ISO Operational Control is implemented as part of PG&E utility service pursuant to AB 1890. However, PG&E can't warrant that these right of way or franchise agreements will provide

¹ Including upgrades and operational plans for the transmission lines and associated facilities.

² Based upon PG&E's substation and system load forecasts for study year 1998, historically typical generation dispatch and the Applicable Reliability Criteria, including the current applicable WSCC Reliability Criteria for Transmission Planning issued in March 1997, the PG&E Local Reliability as stated in the 1997 PG&E Transmission Planning Handbook Criteria (submitted to the California ISO Transmission Planning, in writing, on October 20, 1997), and the NERC Reliability Performance Criteria in effect at the time PG&E was assessing its system (as of June 1, 1997). PG&E may not meet the WSCC's Disturbance Performance level 'D' (e.g. outage of three or more circuits on a right-of-way, an entire substation or an entire generating plant including switchyard), where the risk of such an outage occurring is considered very small and the costs of upgrades very high.

³ The ISO will operate Path 15 so as to maintain system reliability. In accepting this notice from PG&E, the ISO agrees to work with PG&E and the WSCC to achieve a resolution respecting the WSCC long-term path rating limit for Path 15, consistent with WSCC requirements. Pending any revision to the WSCC long-term path rating limit for Path 15, the ISO will continue to operate Path 15 at the existing WSCC long-term path rating limit unless, in the judgment of the ISO:

(a) the operating limit must be reduced on a short-term (e.g., seasonal) basis to maintain system reliability, taking into account factors such as the WSCC guidelines, determination of credible outages and the Operating Capability Study Group (OCSG) study process; or

(b) the operating limit must be reduced on a real-time basis to maintain system reliability.

In determining whether the operating limit of Path 15 must be changed to maintain system reliability, the ISO shall, to the extent possible, work with the WSCC and the PTOs to reach consensus as to any new interim operating limit.

necessary authority for ISO entry or physical use of such rights apart from PG&E's rights pursuant to its physical ownership and operation of transmission facilities.

Attachment B

Modification of Appendix A1

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5.	Various— See Attachment A	Western Systems Power Pool Agreement— WSPPP Rate Schedule FERC No. 4	Power Sales, transmission	Upon WSPPP expiration	Both entitlement and encumbrance.

Supplement To PG&E's Appendix A

Notices Pursuant to Section 4.1.5

Pursuant to the Transmission Control Agreement Section 4.1.5 (iii), the transmission system¹ Pacific Gas and Electric Company (PG&E) is placing under the California Independent System Operator's Operational Control will meet the Applicable Reliability Criteria in 1998,² except (1) for the transmission facilities comprising Path 15, which do not meet the Western Systems Coordinating Council's (WSCC) Reliability Criteria for Transmission Planning with a simultaneous outage of the Los Banos-Gates and Los Banos-Midway 500 kV lines (for south-to-north power flow exceeding 2500 MW on Path 15),³ and (2) with respect to potential problems identified in PG&E's annual assessment of its reliability performance in accordance with Applicable Reliability Criteria, performed with participation from the ISO and other stakeholders; as a result of this process, PG&E has been developing solutions to mitigate the identified potential problems and submitting them to the ISO for approval.

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necessary authority for ISO entry or physical use of such rights apart from PG&E's rights pursuant to its physical ownership and operation of transmission facilities.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing documents upon all of the parties listed on the official service list for the above-referenced proceeding, 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 Washington, D.C. this 9th day of July, 2012.

/s/ Daniel Klein
Daniel Klein