

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

**California Independent System) Docket No. ER12-2643-002
Operator Corporation)**

**MOTION TO FILE ANSWER AND ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION TO
CALIFORNIA DEPARTMENT OF WATER RESOURCES
STATE WATER PROJECT**

The California Independent System Operator Corporation (“ISO”)¹ submits this motion to file an answer, and answer to the pleading submitted by the California Department of Water Resources State Water Project (“SWP”) on May 29, 2013.² SWP does not have a distribution system or an interconnection process, yet insists that as a load serving entity it is entitled to be allocated deliverability for distributed generation. As explained below, the Commission should reject SWP’s arguments and accept the ISO’s April 15 compliance filing in this proceeding without the modifications urged by SWP.

I. Motion to File Answer

The ISO respectfully requests that the Commission accept this answer to SWP’s May 29 filing. Good cause exists to accept this answer because it will

¹ Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the ISO tariff, as revised by the proposed tariff changes contained in the compliance filing submitted in this proceeding. Except where otherwise specified, references to section numbers are references to sections of the ISO tariff as revised by the proposals in the compliance filing.

² The ISO submits this filing pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213.

assist the Commission in its decision-making process, clarify the issues, and help to ensure an accurate and complete record.³

II. Answer

SWP argues that the ISO's April 15 compliance filing unfairly excludes SWP from the DG Deliverability allocation process because SWP is a load-serving entity and the Commission's November 16 order directed the ISO to assign DG Deliverability to load-serving entities.⁴ SWP misreads the Commission's November 16 order. The Commission stated that it was appropriate to assign available potential DG deliverability to load-serving entities because their *existing distribution-level interconnection processes* would satisfy the requirements for nondiscriminatory interconnection of DG resources.⁵ Thus, it is clear that the Commission did not intend for the ISO to assign DG Deliverability to any and all load-serving entities, but rather to those entities that administer procedures for interconnecting DG resources to their distribution systems, to be used by those entities for assigning deliverability status to specific DG resources on their distribution systems.

In its May 29 answer, SWP acknowledges that it does not have either a distribution system or any DG resources connected to any of its facilities.⁶ SWP,

³ See, e.g., *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,057, at P 13 (2013); *ISO New England Inc.*, 142 FERC ¶ 61,027, at P 8 (2013); *New York Indep. Sys. Operator, Inc.*, 138 FERC ¶ 61,195, at P 17 (2012).

⁴ SWP at 2-4. SWP also makes arguments regarding the participation of SWP's participating load in the ISO markets that are outside the scope of this proceeding. *Id.* at 3.

⁵ *Cal. Indep. Sys. Operator Corp.*, 141 FERC ¶ 61,132, at PP 46-51 (2012).

⁶ SWP at 2.

nevertheless, argues that DG developers could potentially, at some point in the future, seek to interconnect to SWP's facilities, or that SWP might develop its own DG resources. SWP is arguing, in effect, that the Commission should direct the ISO to allocate shares of available DG deliverability to an entity that has neither the need nor the current ability to utilize it, based on the possibility that such entity might want to utilize it in the future. The fact that the ISO's proposal does not allocate shares of limited grid capacity to entities that currently are not qualified to receive it but may change their status to become qualified in the future does not render that proposal unjust and unreasonable. To the contrary, requiring the ISO to structure its DG deliverability assignment process based on speculation as to what entities *might* interconnect DG resources in the future would result in the ISO allocating quantities of potential DG deliverability that would be effectively "idle." That is, they would be unavailable to provide deliverability status to DG resources that can utilize it in the current cycle of the process. This would reduce the efficiency of the ISO's DG deliverability assignment process, thereby undermining the very purpose of the original proposal – to streamline the development and participation of DG resources in California.

In its May 13 answer, the ISO explained that although there was no basis for expanding the definition of the entities responsible for assigning deliverability status, if SWP's situation were to change, the ISO would consult with SWP to determine how best to accommodate its participation with other utility distribution companies in the assignment of DG deliverability status to DG resources

interconnecting to its distribution facilities. SWP asserts that this solution is unreasonable because the issues it raises with the ISO are left to languish, citing to what it alleges are continuing “unresolved” matters regarding the role of demand response in the ISO’s markets.⁷ This argument is erroneous. First, the issues SWP asserts are unrelated to this proceeding. Second, there is nothing “unresolved” with respect to the assignment of DG deliverability status. The ISO will, in accordance with its filed tariff provisions, include SWP among the entities eligible to participate in the assignment of deliverability status to DG resources if and when SWP begins to develop or allows others to develop DG resources for interconnection to SWP’s distribution system.

Also, if SWP believes that any of the ISO’s existing rules are somehow deficient, SWP possesses the same procedural rights to seek relief as any other entity. This would be no less true if SWP were to develop an infrastructure to accommodate the interconnection of DG resources and felt that the ISO was not following through with its commitment to permit SWP to participate in the DG deliverability status assignment process.⁸ Therefore, SWP’s vague concerns as to potential ISO non-compliance do not constitute a sound basis for rejecting the ISO’s commitment to work with SWP regarding DG deliverability status assignment if SWP’s circumstances were to change.

⁷ SWP at 3.

⁸ SWP’s allegations regarding the lack of good faith engagement by the ISO are also ironic given that SWP did not raise any issues with the ISO’s DG deliverability proposal either in the stakeholder process for developing the approach to comply with the November 15 order, or in the stakeholder process to develop the tariff language that was included in the April 15 compliance filing.

III. Conclusion

In summary, SWP presents no compelling reason why the ISO should be required to modify the language in its compliance proposal indicating that deliverability status for DG resources will be assigned to DG resources by those entities with distribution systems and distribution interconnection processes, in accordance with the Commission's November 16 order. The Commission should accept this answer and reject SWP's arguments.

Respectfully submitted,

Nancy Saracino
General Counsel
Roger E. Collanton
Deputy General Counsel
Sidney M. Davies
Assistant General Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7144
Fax: (916) 608-7296
E-mail: nsaracino@caiso.com
sdavies@caiso.com

/s/ Michael Kunselman
Michael Kunselman
Bradley R. Miliauskas
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004
Tel: (202) 239-3300
Fax: (202) 239-3333
E-mail: michael.kunselman@alston.com
bradley.miliauskas@alston.com

Attorneys for the California Independent System Operator Corporation

Dated: June 6, 2013

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document 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 6th day of June, 2013.

/s/ Bradley R. Miliauskas

Bradley R. Miliauskas
Alston & Bird LLP