

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

**California Independent System) Docket No. ER10-1229-000
Operator Corporation)**

**ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TO COMMENTS**

Pursuant to Rule 213 of the Federal Energy Regulatory Commission's (Commission) Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2009), the California Independent System Operator Corporation (ISO) hereby files an answer to comments submitted by Powerex Corp. in response to the ISO's May 7, 2010, tariff amendment in the above captioned proceeding (May 7 Filing).¹ As explained below, the Commission should accept the May 7 Filing as filed.

I. BACKGROUND

On August 3, 2009, pursuant to section 205 of the FPA the ISO filed amendments to its tariff to: (1) clarify that applicable generating units located outside the CAISO's balancing authority area can be treated as regulatory must take generation under the tariff; and (2) clarify the tariff language regarding the role of the full network model in enforcement of transmission constraints. On October 2, 2009, the Commission conditionally accepted the CAISO's filing and proposed tariff revisions subject to additional requirements on compliance as discussed further

¹ A number of parties also filed interventions to this proceeding with no comments or protests: Northern California Power Agency; Modesto Irrigation District; NRG Companies; Pacific Gas and Electric Company; Cities of Santa Clara, California and Redding, California and the M-S-R Public Power Agency; and California Department of Water Resources State Water Project.

below. Item (1) of the August 3 filing concerning regulatory must-take generation was accepted in the October 2 Order without further compliance requirements. On December 31, 2010, the ISO submitted a compliance filing addressing item (2) concerning the role of the full network model and other matters related to the ISO's constraint enforcement practices.

In the December 31, 2010 compliance filing, the ISO submitted proposed tariff sheets that include high level guidelines that describe the ISO's transmission constraint management practices. In addition, the ISO reported on the status of additional efforts taken on by the ISO and its stakeholders to explore additional means of improving market transparency and information sharing and the provision by the ISO of "(1) either the list of the constraints that are not enforced in the CAISO market or more visibility into how they are established and (2) the list of contingencies that are enforced in the CAISO market process."

After an extensive stakeholder process carefully considering the data required by market participants and how such data may be provided, on May 7, 2010, the ISO submitted proposed tariff language to reflect the new data release policy developed by the ISO and its stakeholders that significantly improves market transparency and information sharing with market participants regarding the ISO's transmission constraints enforcement and management. The data release policy includes the release of the following three new data sets: (1) the daily constraint and contingency lists; (2) information regarding the cause of the binding constraint in any given ISO market interval; and (3) a monthly report on the degree of manual adjustments to transmission constraints. The provision of this information provides significant visibility into the ISO's transmission constraint enforcement and

management and enables market participants to better evaluate the impact of these practices on prices and schedules or dispatches.

II. ANSWER

The new data release policy proposed in the May 7 Filing, is highly supported by stakeholders, as evidenced by the lack of protests in this proceeding, and the Commission should accept the proposed tariff provisions without further changes. The ISO believes that the lack of protests is due to the extensive effort undertaken by the ISO to work through the data requirements with its stakeholders and its careful consideration of the feasibility to deliver such data prior to submitting its filing. As a result, the ISO has been working diligently to implement the procedures and mechanisms to ensure the deliverability of this data as of July 13, 2010, the requested effective date of the proposed tariff sheets. Powerex also comments that it supports the ISO's provision of the data as proposed in the May 7 Filing. Yet, Powerex now requests that the ISO impose additional requirements, which if considered at this late juncture would derail the ISO's efforts over the past nine months and prevent the ISO from actually providing the data as of July 13, 2010, as planned. Moreover, as discussed below, Powerex's requests are unjustified and unnecessary.

Powerex requests that the Commission direct the ISO to begin its efforts to use more meaningful network terminology "immediately so that it is able to incorporate consistent naming conventions in the release of transmission constraint information, which it proposes to begin on July 13, 2010."² Powerex's request in their comments is unclear and can be interpreted to suggest that the ISO should not

² Powerex Comments at p. 5.

release the data it proposes to release as of July 13 unless it has conformed the terminology in all of the data it releases. Powerex did not raise this condition during the stakeholder process. If Powerex had raised it during the stakeholder process the ISO and Powerex could have more fully explored the feasibility of this request and vetted with all stakeholders whether the data should not be provided without first guaranteeing consistent nomenclature. However, no such condition for disclosure came up through the stakeholder process, and the ISO believes that participants would not support such a delay. Such a condition prior to the release of the data the ISO plans to release as of July 13 is unreasonable given the magnitude of data the ISO manages and releases, and given that based on current knowledge there minimal variation in the nomenclature between the data soon be released and other similar data in the CRR Full Network Model. Such an extreme request would simply unnecessarily delay the release of the transmission constraint data the ISO is preparing to release as of July 13, 2010.

Further, any nomenclature issues that may exist between the data the ISO already releases and the data soon to be released are not immediately evident and are best identified as the ISO and participants gain more experience with the data sets. While Powerex provides examples of the alleged difficulties posed by the inconsistent use of terminology, it is not obvious how the release of the transmission constraint data worsens the difficulties Powerex asserts exist. On the other hand, if the ISO were to have to stop all its current data releases and first evaluate consistent terminology of all data released before proceeding, it would bring the ISO's market to a halt. This request is simply unjust and unreasonable.

The ISO submits that the Commission need not direct that the ISO take further action on this matter. Indeed, the ISO has already committed to use more consistent and meaningful network terminology and to use more consistent naming conventions and common data elements. In preparation for this upcoming data release, the ISO is also already endeavoring to use common nomenclature for individual transmission elements as used in the CRR FNM. The ISO is also continuing to explore the possibility of creating additional data mapping that would correlate the transmission facilities in outage reports with the proposed constraints list. However, this is an ongoing evolving process that can only be accomplished through the ISO's upcoming efforts. In the case of the transmission constraints data soon to be released, it is not evident yet what tools will be required to map terminology because neither the ISO nor participants have had any experience in producing and using this data. Therefore it is appropriate to continue to assess and evolve the terminology only after we complete this data release effort and not before. Furthermore, the ISO continues to be committed to evaluate the data that is soon to be released and its association with other similar data elements. If Powerex fully supports the release of the data as it asserts, it is perplexing why seeks to impose these additional requirements at this late juncture of the process.

Powerex also objects to the ISO's proposal to make its transmission constraint information available subject to market participants executing a Non-Disclosure Agreement and providing a non-disclosure statement signed both by the market participant and by each employee and consultant of the market participant who will have access to the information. Again, Powerex did not raise any such objections during the stakeholder process through which the ISO fully vetted this

requirement prior to filing. Moreover, no other stakeholder commented or protested on this requirement. This is not surprising given that the ISO's proposal is to follow the exact same procedures currently in place to protect similar data the ISO already makes available through the Congestion Revenue Rights Full Network Model (CRR FNM). These procedures are necessary because of the nature of the information provided. The information to be provided is information that must be protected for infrastructure security reasons. The procedures ensure that the ISO can trace the persons that have access to the information so that in the event of a security concern such persons can be readily identified.

Powerex asserts that it is burdensome to require that those employees and consultants that will be provided access to the information execute Exhibit A of the Non-Disclosure Agreement. However, this procedure has not proven to be burdensome for the release of the CRR FNM and, therefore, it is difficult to understand Powerex's alleged burdensome nature of this request. Powerex's comments to not compel the erosion of these necessary measures to ensure the ISO can keep track of the persons that have access to this information. The ISO fails to see how permitting companies that sign the agreement to share the data with all its employees and consultants enables the ISO to keep track of the persons that have access to this data. It would entirely dilute the whole purpose of requiring the agreement in the first instance.

Indeed, the Commission should reject Powerex's requests and allow the ISO to proceed with its release of the data without imposing these additional requirements. The ISO's robust stakeholder process in this proceeding provided ample opportunity for the vetting of the issues Powerex now raises at this late

junction. The Commission should not encourage parties to bypass the ISO's stakeholder process and prevent the ISO from proceeding with a well-supported just and reasonable approach.

III. CONCLUSION

For the reasons provided herein, the Commission should accept the tariff revisions as submitted by the ISO in the May 7 Filing.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service lists for the above-referenced 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 at Folsom, CA this 14th day of June, 2010.

/s/ Jane Ostapovich
Jane Ostapovich