

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

California Independent System Operator )  
Corporation )

Docket No. ER08-1113-009

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION FOR LEAVE TO FILE ANSWER AND ANSWER TO PROTESTS  
AND COMMENTS**

Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission's (Commission) Rules of Practice and Procedure,<sup>1</sup> the California Independent System Operator Corporation (ISO) respectfully submits this Motion for Leave to File Answer and Answer to a comment and protest addressing the ISO's compliance filing made on May 19, 2010 (Compliance Filing) in compliance with the Commission's April 19, 2010 order<sup>2</sup> in the above-captioned docket. The comment and protest was filed by the Indicated Parties.<sup>3</sup> As discussed further below, the ISO agrees to certain changes proposed by the Indicated Parties. The ISO requests that the Commission approve the proposed tariff language submitted in the Compliance filing with the additional changes specified herein.

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<sup>1</sup> 18 C.F.R. §§ 385.212, 385.213 (2009).

<sup>2</sup> *California Independent System Operator Corp.*, 131 FERC ¶ 61,005 (2010) (*April 19 Order*).

<sup>3</sup> The Indicated IBAA Entities are: the Sacramento Municipal Utility District (SMUD), Transmission Agency of Northern California (TANC), Turlock Irrigation District (TID), Modesto Irrigation District (MID), and the Cities of Santa Clara, California (SVP), Redding, California (Redding) and Palo Alto, California (Palo Alto).

## I. Motion to Answer

The ISO respectfully files this motion for leave to file an answer to the protest filed by Indicated Parties. Answers to protests are generally not permitted.<sup>4</sup> However, the ISO respectfully requests waiver of the Commission's Rules of Practice and Procedure prohibiting answers to protests pursuant to 18 C.F.R. § 385.101(e).<sup>5</sup> The ISO's answer will assist the Commission evaluate the Indicated Parties' changes proposed in their comments and protests. Accordingly, the Commission should permit the ISO to file this answer.

## II. Answer

The ISO agrees to following requests by the Indicated Parties: 1) use the term "certify" and eliminate the use of term of "demonstration;" 2) replace the the terms "any Scheduling Point" to the "applicable Scheduling Point;" 3) correct the placement of the term "use;" and 4) substitute term "that" with "where." Section G.1.2 would read as follows with these changes:

For import Schedules to the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation or at the applicable ~~any~~ Scheduling Point that connects the CAISO Balancing Authority and the Western Area Power Administration system, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable source for such Schedules with the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, provided that the Scheduling Coordinators certify as discussed further below that the Schedules

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<sup>4</sup> See 18 C.F.R. § 385.213(a)(2).

<sup>5</sup> The Commission has accepted answers that are otherwise prohibited if such answers clarify the issues in dispute, *Southwest Power Pool, Inc.*, 89 FERC ¶61,284 at 61,888 (2000); *Eagan Hub Partners, L.P.*, 73 FERC ¶ 61,334 at 61,929 (1995), or assist the Commission, *El Paso Electric Co.*, 72 FERC ¶ 61,292 at 62,256 (1995).

originate from transactions that use: (a) the California-Oregon Transmission Project; or (b) transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, as described further below, the Scheduling Coordinator must certify demonstrate that the Schedules are subject to: (a) charges for losses by the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) charges for losses by the Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of establishing Schedules that are eligible for this loss adjustment. Prior to obtaining such Resource IDs, the relevant Scheduling Coordinator shall certify that it will only use this established Resource ID for Bids, including Self-Schedules, that originate from transactions that use: (a) ~~use~~ the California-Oregon Transmission Project; or (b) transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the Schedules are subject to: (a) charges for losses by the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Further, by actually using such Resource ID, the Scheduling Coordinator represents that such Bids, including Self-Schedules, that originate from transactions that use: (a) ~~use~~ the California-Oregon Transmission Project; or (b) transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the Schedules are subject to: (a) charges for losses by the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Schedules and Dispatches settled under such Resource IDs shall be subject to an LMP which has accounted for the Marginal Cost of Losses as if there were an actual physical generation facility at the Tracy Scheduling Point or at the applicable any Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system as opposed to the Marginal Cost of Losses under the IBAA LMPs specified in Section G.1.1 of this Appendix. The CAISO may request information on a monthly basis from such Scheduling Coordinators to verify these certifications. Any such request shall be limited to transactions that use the designated Resource IDs during the six month prior period to the date of the request. The CAISO will calculate a re-adjustment of the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system to reflect the otherwise applicable source for such Schedules for any Settlement Interval in which the CAISO has determined that the Scheduling Coordinator's payments did not reflect transactions that meet the above specified certification requirements. Any amounts owed to the CAISO for such Marginal

Cost of Losses re-adjustments will be recovered by the CAISO from the affected Scheduling Coordinator by netting the amounts owed from payments due in subsequent Settlements Statements until the outstanding amounts are fully recovered. For export Schedules from the CAISO Balancing Authority Area at the southern terminus of the California-Oregon Transmission Project at the Tracy substation or at the applicable any Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, the CAISO will replace the Marginal Cost of Losses at the otherwise applicable sink for such Schedules with the Marginal Cost of Losses at the Tracy substation or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system, provided that the Scheduling Coordinator certifies, as discussed below, where that the export Schedules use: (a) the California-Oregon Transmission Project; or (b) any transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the affected Schedules are charged losses by: (a) the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. The CAISO will establish Resource IDs that are to be used only to submit Bids, including Self-Schedules, for the purpose of establishing Schedules that are eligible for this loss adjustment. Prior to obtaining such Resource IDs, the relevant Scheduling Coordinator shall certify that it will only use this established Resource ID for Bids, including Self-Schedules, where that the export Schedules use: (a) the California-Oregon Transmission Project; or (b) any transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA. In addition, the Scheduling Coordinator must certify that the affected Schedules are charged losses by: (a) the Western Area Power Administration for the use of transmission facilities owned by the Western Area Power Administration within the SMUD/TID IBAA; or (b) Transmission Agency of Northern California for the use of the California-Oregon Transmission Project. Further, by actually using such Resource ID, the Scheduling Coordinator represents that such Bids, including Self-Schedules, are used for the above specified conditions. Schedules and Dispatches settled under such Resource IDs shall be subject to an LMP which has accounted for the Marginal Cost of Losses as if there were an actual physical generation facility at the Tracy Scheduling Point or at the applicable Scheduling Point that connects the CAISO Balancing Authority Area and the Western Area Power Administration system as opposed to the Marginal Cost of Losses under the IBAA LMPs specified in Section G.1.1 of this Appendix. The CAISO may request information on a monthly basis from such Scheduling Coordinators to verify that schedules for such Resource IDs meet the above specified conditions. Any such request shall be limited to transactions that use the designated Resource IDs during the six month prior period to the date of the request.

If the Commission approves these changes, the ISO will file the appropriate clean and backline sheets in a separate compliance filing.

The Indicated Parties also ask that the ISO include the terms “within the SMUD/TID IBAA” when referring to the Western Area Power Administration in the proposed tariff language pertaining to the use of the Resources IDs for imports. These terms are already included in the appropriate locations as shown in the highlighted text above. No further changes needed in this respect.

Finally, the Indicated Parties request that the Commission reject tariff language reflected on page 3 of the Transmittal Letter as it is inconsistent with the language in the filed tariff sheets. The ISO clarifies that the language in the tariff sheets, if approved by the Commission, would govern and not the language in the transmittal letter. However, as described above, the ISO agrees to additional changes to Section G.1.2 that would affect the language submitted in the tariff sheets filed in the Compliance Filing as shown above. Ultimately, the tariff sheets as accepted by the Commission will govern.

### **III. Conclusion**

The Commission should accept the ISO’s tariff provisions as filed in the Compliance Filing and with the additional changes discussed above.

Respectfully submitted,

*/s/ Anna McKenna*

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Dated: June 23, 2010

## 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 captioned 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 Folsom, California this 23rd day of June 2010.

*/s/ Jane Ostapovich*  
Jane Ostapovich