

131 FERC ¶ 61,217
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 4, 2010

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER10-1015-000

Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004

Attn: Bradley R. Miliauskas, Esquire

Reference: Non-Conforming Dynamic Scheduling Host Balancing Authority
Operating Agreement

Dear Mr. Miliauskas:

1. On April 5, 2010, pursuant to section 205 of the Federal Power Act,¹ the California Independent System Operator Corporation (CAISO) filed a Dynamic Scheduling Host Balancing Authority Operating Agreement² between CAISO and Gila

¹ 16 U.S.C. § 825d (2006).

² CAISO states that this type of agreement is applicable to the operators of balancing authority areas hosting resources located outside the CAISO's balancing authority area that wish to schedule dynamic imports of energy and energy associated with ancillary services (except regulation service, unless otherwise specified) into the CAISO balancing authority area. *See* CAISO April 5, 2010 Filing at 2.

River Power, L.P. (Gila River) (Agreement) as a non-conforming service agreement.³ The Agreement establishes the terms and conditions for the operation of dynamic scheduling⁴ functionality from the Gila River host balancing authority area to the CAISO balancing authority area.⁵ CAISO states that the Agreement requires compliance with the applicable provisions of the CAISO Open Access Transmission Tariff (CAISO tariff).

2. CAISO states that the host balancing authority area in which Gila River is located is not adjacent to the CAISO balancing authority area. CAISO explains that there are two intermediary balancing authorities (Arizona Public Service Company and Salt River Project) between the CAISO balancing authority area and the Gila River hosting balancing authority area. CAISO points out that section 4.5.4.3(d) of the CAISO tariff and section 3.1 of Appendix X to the CAISO tariff require the intermediary balancing authorities to execute an agreement with CAISO to support dynamic scheduling functionality. CAISO requests waiver of these CAISO tariff provisions.⁶

3. CAISO explains that the instant configuration of dynamic scheduling functionality does not require additional commitments from the intermediary balancing authorities to be implemented. CAISO states that, under the instant arrangement, dynamic scheduling

³ CAISO has designated the Agreement as Original Service Agreement No. 1527 under the CAISO's FERC Electric Tariff, Fourth Replacement Volume No. 11.

⁴ According to the glossary of terms in the North American Electric Reliability Corporation's (NERC) Reliability Standards, a dynamic schedule is defined as: "[a] telemetered reading or value that is updated in real time and used as a schedule in the [Automatic Generation Control]/[Area Control Error] equation and the integrated value of which is treated as a schedule for interchange accounting purposes. Commonly used for scheduling jointly owned generation to or from another Balancing Authority Area." North American Electric Reliability Corporation, *Glossary of Terms Used in Reliability Standards* (Feb. 2008), available at http://www.nerc.com/files/Glossary_12Feb08.pdf. In this case, Gila River, the balancing authority area hosting resources outside of the CAISO's balancing authority area seeks to schedule dynamic imports of energy and energy associated with ancillary services into the CAISO's balancing authority area.

⁵ See CAISO April 5, 2010 Filing, Att. A at 1.

⁶ CAISO states that Arizona Public Service Company and Salt River Project have indicated that they are not willing to execute agreements as intermediary balancing authorities that would meet the requirements of the CAISO tariff. CAISO April 5, 2010 Filing at 5.

of imports from Gila River into the CAISO balancing authority area can occur regardless of whether Arizona Public Service Company or Salt River Project execute intermediary balancing authority agreements. According to CAISO, the energy management system (EMS) signal communication will not be transmitted through the intermediary balancing authorities. CAISO states that, instead, the EMS signal will be transmitted directly between Gila River and CAISO and will be made available to the intermediary balancing authorities.⁷ Thus, CAISO claims that no undesirable consequences will result from granting the waiver. CAISO adds that the requested waiver will be limited in scope because it only concerns two provisions of the CAISO tariff that contain virtually identical requirements regarding the execution of certain agreements and the waiver will only apply in the instant case. CAISO points out that the Agreement contains similar variations to a non-conforming service agreement between CAISO and Portland General Electric Company that the Commission previously accepted for filing.⁸

4. Notice of the filing was published in the *Federal Register*, 75 Fed. Reg. 18827 (2010), with interventions and comments due on or before April 26, 2010. Arizona Public Service Company, California Municipal Utilities Association and Gila River filed timely motions to intervene. Gila River also filed comments in support of the filing. The Sacramento Municipal Utility District (SMUD) filed a motion to intervene out-of-time. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2009), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2009), the Commission will grant SMUD's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

5. We will grant the requested waiver of section 4.5.4.3(d) of the CAISO tariff and section 3.1 of Appendix X to the CAISO tariff requiring CAISO to execute intermediary balancing authority agreements with Arizona Public Service Company and Salt River Project. Where good cause for a waiver of limited scope exists, there are no undesirable consequences, and the resultant benefits to customers are evident, the Commission has

⁷ We note that, pursuant to section 7.4 of Appendix B.9 of the CAISO tariff and the Agreement, the host balancing authority must provide the instantaneous value of each dynamic schedule to each intermediary balancing authority.

⁸ On October 20, 2005, CAISO submitted a non-conforming Dynamic Scheduling Host Control Area Operating Agreement between CAISO and Portland General Electric Company, which was accepted by the Commission in *Cal. Indep. Sys. Operator Corp.*, Docket No. ER06-57-000 (Dec. 12, 2005) (unpublished letter order).

found that a one-time waiver is appropriate.⁹ Good cause exists in granting waiver of these tariff sections because no party will be harmed and the waiver only applies to the instant proceeding. Granting the requested waiver will also result in benefits to customers because it will facilitate dynamic scheduling of imports of energy and energy associated with ancillary services and imports of regulation service from Gila River into the CAISO balancing authority area, which will increase the supply of those services into the CAISO market. Further, good cause exists to grant waiver of the Commission's notice requirement.¹⁰ Accordingly, we accept the Agreement to become effective June 1, 2010, as requested.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁹ *Southern California Edison Co.*, 125 FERC ¶ 61,009, at P 17 (2008).

¹⁰ *See* 18 C.F.R. § 35.11 (2009) (waiver of notice requirement); *Central Hudson Gas and Elec. Corp.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992) (finding that the Commission will generally grant waiver of the 60-day prior notice requirement for uncontested filings that do not change rates).

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