

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

Sierra Pacific Power Co.

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Docket No. EL99-85-000

**FINAL BRIEF OF THE CALIFORNIA
INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to the Proposed Order Directing Interconnection and Establishing Further Procedures issued by the Federal Energy Regulatory Commission ("Commission") on November 26, 1999, *Sierra Pacific Power Co.*, 89 FERC ¶ 61,234 (1999) ("November 26 Order"), the California Independent System Operator Corporation ("ISO") hereby provides its Final Brief in this proceeding.

In the November 26 Order, the Commission responded to an application by Sierra Pacific Power Company ("Sierra Pacific"), under Section 210 of the Federal Power Act ("FPA"), for an order directing the physical interconnection of its transmission facilities with those of Oxbow Geothermal Corporation ("Oxbow"). The Commission directed Oxbow to establish the interconnection and ordered further proceedings to establish the terms and conditions.

The issues in the case have been complicated by three facts. First, the proposed interconnection results in the interaction between two systems (the ISO control area and that of Sierra Pacific), changing the existing situation where one line connects one Qualifying Facility, Oxbow, to the ISO Controlled Grid.¹

¹ The ISO uses the term "ISO Controlled Grid" and certain other capitalized terms in this Response as those terms are defined in the Master Definitions Supplement, Appendix A to the ISO Tariff.

Second, the interconnection creates at least one new inter-control area boundary.² Finally, the negotiations have occurred without the benefit of any technical studies of the potential impacts of the interconnection. Accordingly, it is impossible to anticipate at this time all the issues that will ultimately have to be resolved with regards to the interconnection.

Nonetheless, the ISO participated in the negotiations to establish terms and conditions. Where insufficient information exists today to address particular issues, the negotiations focussed on identifying issues that must be resolved and establishing a process for addressing them.

As a result of the negotiations, two documents were developed that address the issues raised during negotiations by the ISO. First, Sierra Pacific developed a document entitled "Proposed Terms of Amendment to Interconnected Control Area Operating Agreement." The document sets forth general terms for the amendments that are to be made to the Interconnected Control Area Operating Agreement ("ICAOA") between the ISO and Sierra Pacific in light of the interconnection. This document was finalized between the ISO and Sierra Pacific on March 10, 2000; the ISO believes the document as finalized on March 10 is acceptable to all the parties that participated actively in the negotiations.

Southern California Edison ("SCE") has raised an issue concerning the location at which metering equipment is to be installed as a result of the interconnection. The ISO has informed SCE that it does not believe that it can commit to the specific location of the metering equipment at this point and has agreed to work with SCE as well as the other interested parties in determining

² In negotiations, Oxbow has indicated that it may undertake to become a control area. Because Oxbow is not now a control area, during the negotiations, the ISO addressed the proposed interconnection assuming a new point of interconnection would be created between the control areas of the ISO and Sierra Pacific. The ISO understands that additional arrangements would have to be made if Oxbow were to become a control area.

the appropriate location where such metering equipment must be installed. This determination will be reflected in the amendments to the ICAOA.

In addition, Sierra Pacific developed an "Agreement Relating To The Sierra Pacific/Oxbow Interconnection" between Sierra Pacific and most of the parties that participated actively in the negotiations. The ISO has agreed to be a signatory to this agreement.

In the context of the information available about the interconnection at this time,³ the ISO believes that the issues it raised related to the interconnection, many of which arise from the new interconnection between the ISO and Sierra Pacific control areas, are adequately addressed in one or the other of the two documents: 1) "Proposed Terms of Amendment to Interconnected Control Area Operating Agreement" as finalized on March 10, 2000, and 2) the "Agreement Relating To The Sierra Pacific/Oxbow Interconnection" as executed by the ISO.

In particularly, the following important concepts are set forth in the documents:

- the ISO and Sierra Pacific will amend the ICAOA between them; the amended ICAOA is to be jointly filed at FERC prior to energization;
- the control area boundary is established at Sand Springs, in a manner that facilitates preservation of the relationship between SCE, Oxbow, and the ISO control area;
- Sierra Pacific and the ISO will agree on the detailed terms of the operation of the facilities within the ISO's operational control;

³ It is the understanding of the ISO that studies and other additional information will be developed and made available in the context of the WSCC rating process for the interconnection, agreed to by Sierra Pacific in the "Agreement Relating to the Sierra Pacific/Oxbow Interconnection".

- Metering, telemetry and communication equipment, contracts and procedures at the interconnection will comply with standards and requirements for ISO Metered Entities;
- Sierra Pacific will obtain a path rating from the WSCC for the interconnection prior to energization;
- Sierra Pacific will install and pay for all equipment necessary to comply with requirements resulting from the WSCC rating process prior to energization;
- Sierra Pacific will construct the facilities so that Oxbow's generation facilities will continue to be connected to the ISO in the event of separation under the North East/South East separation scheme;
- Sierra Pacific will reimburse the ISO for any cost it incurs for any mitigation measures identified in the WSCC rating process; and
- Sierra Pacific and the ISO will develop and finalize detailed operating procedures prior to energization.

In light of these commitments, and contingent upon acceptance by the Commission of the "Proposed Terms of Amendment to Interconnected Control Area Operating Agreement" as finalized on March 10, 2000, and the "Agreement Relating To The Sierra Pacific/Oxbow Interconnection" as the ISO has agreed to execute, at this time the ISO does not request further proceedings by the Commission related to the interconnection.

Respectfully submitted,

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Dated: March 17, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties on the official service list compiled by the Secretary in the above-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 Washington, D.C. this 17th day of March, 2000.

Sean A. Atkins