

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

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| <b>California Independent System<br/>Operator Corporation</b> | ) | <b>Docket No. ER17-1544-000</b> |
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| <b>California Independent System<br/>Operator Corporation</b> | ) | <b>Docket No. ER01-889-000</b>  |
|   | ) |                                 |

**(not consolidated)**

**COMMENTS OF THE CALIFORNIA INDEPENDENT  
SYSTEM OPERATOR CORPORATION IN SUPPORT OF  
JOINT OFFER OF SETTLEMENT**

Pursuant to Rule 602(f) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602(f) (2016), the California Independent System Operator Corporation (“ISO”) hereby submits its comments on the Joint Offer of Settlement between Pacific Gas and Electric Company (“PG&E”), Southern California Edison Company (“SCE”), and San Diego Gas & Electric Company (collectively, the “Settling Parties”). The Settlement Agreement was filed in the above-captioned proceedings on May 4, 2017. As explained below, the ISO supports the Settlement Agreement as a just and reasonable means to resolve the ER01-889 proceeding.

**I. COMMENTS**

The Settlement Agreement provides for the settlement of claims related to invoicing for the ISO’s purchases in the ISO Real-Time Market to serve the load requirements of the customers of PG&E and SCE during a portion of the western energy crisis of 2000-2001. In the ER01-889 Proceeding, the Commission determined that CERS should be billed for the ISO’s purchases of energy in the ISO Real-Time

Market for energy that CERS used to serve the load requirements of PG&E and SCE. The Commission subsequently determined that there were material issues of fact as to whether the ISO had properly calculated the amounts billed to CERS as a result of this directive, and set the matter for hearing.

After several months of discussing a possible negotiated resolution to the ER01-889 proceeding, the ISO, on February 18, 2003, filed an unopposed motion to temporarily suspend the procedural schedule to allow the parties to focus on reaching a complete settlement and preparing an offer of settlement to file with the Commission. Chief Administrative Law Judge Wagner granted the ISO's request and, on February 25, 2003, suspended the procedural schedule until "otherwise ordered." During the intervening years, the ISO, in response to orders from Chief Judge Wagner, filed a number of status reports indicating that although all parties believed that settlement was the preferred means of resolving the issues set for hearing by the Commission in this proceeding, negotiating such a settlement would be greatly facilitated by awaiting the conclusion of the compliance process in the California refund proceeding in Docket Nos. EL00-95, *et al.*, in which the ISO was recalculating the amounts owed and owing to all parties, including CERS, during the 2000-2001 time period.<sup>1</sup>

During the period that the procedural schedule in the ER01-889 proceeding remained suspended, the Commission approved settlements involving most of the parties in the California refund proceeding. And in 2016, the ISO filed its compliance filing detailing the results of its calculations of amounts owed and owing in the California refund proceeding. In late 2016 and early 2017, at the behest of Chief

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<sup>1</sup> The California refund proceeding involves the period from October 2, 2000 through June 20, 2001.

Judge Cintron, the ISO sought to identify what, if any issues, remained in the ER01-889 proceeding. In response to inquiries from the ISO, the only party that identified an issue that it thought remained in the EL01-889 proceeding was PG&E, which suggested that the ISO may have “mistakenly billed the [California Power Exchange] rather than [CERS] for certain charges relating to real-time purchasing in the ISO market to serve PG&E and SCE retail customers, for the period on or after January 17, 2001 hour 22 [through February 28, 2001].”

This billing issue raised by PG&E is the subject of the instant Settlement Agreement. Although the ISO takes no position on the merits of whether the charges at issue should have been billed to CERS instead of the California Power Exchange (“PX”), the ISO supports the Settlement Agreement because it will resolve the only issue identified that might potentially remain in the ER01-889 proceeding, and will do so without any impact on the ISO’s markets or its calculations in the California refund proceeding. As explained in the Settlement Agreement, the Settling Parties have agreed to resolve this issue by adjusting, among themselves, the total liability for the purchases in question. This adjustment merely shifts liabilities among the three Settling Parties for a fixed amount of dollars -- \$77,534,749 -- and therefore does not affect CERS, the ISO, the PX, or market participants other than the Settling Parties. The ISO’s invoices to the PX, and the PX’s invoices to the Settling Parties, will not be adjusted. As such, the ISO and PX’s involvement is not necessary to implement the terms of the Settlement Agreement, and nothing in the Settlement Agreement will impact ISO and PX accounts. The ISO therefore believes that this is a just and

reasonable mechanism for settling a proceeding that has been pending for nearly fifteen years.

## II. CONCLUSION

Wherefore, for the reasons stated above the ISO respectfully states that it supports the Settlement Amendment and urges the Commission to approve it.

Respectfully Submitted,

/s/ Michael Kunselman

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Dated: May 22, 2017

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of this document upon the email listserv established by the Commission for the EL00-95 proceeding, as well as upon all of the parties listed on the official service list for the ER01-889 proceeding.

Dated this 22<sup>nd</sup> day of May in Washington, D.C.

*/s/ Michael Kunselman*

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