

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

California Independent System)
Operator Corporation) Docket No. ER06-615-002

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO ELIMINATE
JOINT QUARTERLY SEAMS REPORTING REQUIREMENTS**

I. Introduction

The California Independent System Operator Corporation (“ISO”) respectfully requests that the Commission eliminate the joint quarterly seams reporting requirements established in prior orders to implement the ISO’s Market Redesign and Technology Upgrade (“MRTU”). In these orders, the Commission directed the ISO to meet with neighboring Balancing Authorities to identify and resolve seams issues¹ and with Western Area Power Administration (“Western”) to discuss issues related to the Transmission Exchange Agreement.² The Commission directed the parties to report the progress of their efforts in joint quarterly seams reports.

Seams issues throughout the West are now regularly discussed by the Western Electricity Coordinating Council’s Seams Issues Subcommittee. On March 31, 2009, the ISO launched MRTU. For these reasons, the ISO believes good cause exists to eliminate the joint quarterly seams reporting requirements.

¹ *California Independent System Operator Corp.* 116 FERC ¶ 61,274 (*September 2006 MRTU Order*).

² *California Independent System Operator Corp.* 119 FERC ¶ 61,076 (*April 2007 MRTU Order*).

Moreover, eliminating the joint quarterly seams reporting requirements will not prejudice any party. This motion is submitted pursuant to Commission Rules of Practice and Procedure 212.³

II. Background

In its *September 2006 MRTU Order*, the Commission directed its staff to convene a technical conference to assist the ISO and parties outside of the ISO's Balancing Authority Area to identify seams issues that require resolution prior to implementation of MRTU. The Commission also directed the ISO and neighboring Balancing Authorities to meet as needed to resolve seams issues and jointly report on the progress of these efforts in quarterly reports.⁴

In December 2006, the Commission's staff sponsored a technical workshop in Phoenix, Arizona to identify seams issues that require resolution prior to the implementation of MRTU. A significant finding of that technical conference was that seams issues exist throughout the West and are not specific to MRTU.⁵ In addition, participants at the technical conference agreed there were no seams issues that would require a delay in implementing MRTU.⁶

Commencing on October 30, 2006, the ISO began submitting joint quarterly seams reports with neighboring Balancing Authorities. The ISO filed its

³ 18 C.F.R. § 385.212 (2008).

⁴ *September 2006 MRTU Order* at P 490. The Commission directed "the CAISO and neighboring control areas to meet as needed to resolve seams between them" and to "jointly report on the progress of these efforts in quarterly status reports filed with the Commission within 30 days of the end of each calendar quarter."

⁵ *April 2007 MRTU Order* at P 132.

⁶ *Id.* at P 134.

most recent joint quarterly seams report on April 30, 2009. Throughout this timeframe, the ISO has also participated with other Balancing Authorities in seams discussions under the auspices of the Western Electricity Coordinating Council's Seams Issues Subcommittee.

In its *April 2007 MRTU Order*, the Commission directed the ISO to take additional steps to resolve seams issues. Specifically, in response to comments submitted after the December 2006 technical workshop, the Commission directed that the ISO affirm as part of its MRTU readiness certificate that the ISO's MRTU systems can accommodate generating units that have only a partial resource adequacy commitment in the ISO's market so that entities outside of the ISO may contract on a firm basis for the remaining capacity of these units.⁷ The Commission also directed the ISO to provide to stakeholders a description of the mechanics of e-tagging for interchange transactions under MRTU.⁸ In addition to these matters, the Commission directed the ISO and Western to address the status of their discussions involving the Transmission Exchange Agreement as part of the parties' joint quarterly seams report.⁹

As part of its MRTU readiness certificate filed on January 16, 2009 in Docket ER06-615, the ISO certified that its market systems and software can

⁷ *Id.* at PP 202 and 286.

⁸ *Id.* at PP 229-230 and 286.

⁹ *April 2007 MRTU Order* at P 224. The Commission determined that “[w]ith regard to the treatment of Western’s TEA under MRTU, Western states that it is in the process of setting up a meeting with the CAISO to address this issue. Therefore, we will not prejudge the outcome of these discussions at this point and will allow Western and the CAISO to attempt to resolve the issue in the first place. We direct the CAISO and Western to include in their joint quarterly seams report the status of their discussions on this issue.”

accommodate exports from generating units that have committed only a portion of their output as Resource Adequacy capacity.¹⁰ The ISO has also conducted a stakeholder process and published business rules regarding e-tagging under MRTU.¹¹ Since the issuance of the April 2007 MRTU Order, the ISO has continued to work with Western to resolve issues under the parties Transmission Exchange Agreement and has reported the status of these matters consistent with the Commission's Orders.

III. Discussion

The seams reporting requirements identified above resulted from efforts to implement MRTU. The ISO believes that the Commission's Orders intend for the ISO to cease submitting joint quarterly seams reports upon the launch of MRTU. On March 31, 2009, the ISO launched MRTU. Out of an abundance of caution, the ISO requests in this motion that the Commission issue an order to eliminate the joint quarterly seams reporting requirements set forth in its *September 2006 MRTU Order* and *April 2007 MRTU Order*.

The ISO has complied with the directives of the Commission's orders. The ISO has met and conferred with neighboring Balancing Authorities regarding seams issues and has reported the progress of those discussions to the Commission. Consistent with the Commission's direction, the ISO has also resolved issues identified at the seams technical workshop. The ISO has worked collaboratively with Western to resolve issues related to the parties' Transmission

¹⁰ MRTU Readiness Certificate dated January 16, 2009, Docket ER-615, at p. 24.

¹¹ *Id.*

Exchange Agreement and has reported the progress of that work as part of its joint quarterly seams reports. Finally, the ISO has actively participated in seams discussions as part of the WECC Seams Issues Subcommittee.

Seams discussions in the West continue under the auspices of the WECC Seams Issues Subcommittee. The ISO intends to continue to participate in this forum to identify and resolve seams issues with neighboring Balancing Authorities. This effort is consistent with the direction set forth in the *April 2007 MRTU Order*, which provides that for seams issues not specific to MRTU WECC is the appropriate venue for addressing these issues.¹² The WECC Seams Issues Subcommittee publishes its agenda and meeting materials as well as the minutes from its meetings. Accordingly, the Commission will have a mechanism to track the progress of parties' efforts addressing seams issues at WECC.

In addition, the ISO and neighboring Balancing Authorities have negotiated provisions of Adjacent or Interconnected Balancing Authority Operating Agreements that are subject to the Commission's review and approval. The ISO intends to work collaboratively with neighboring Balancing Authorities under these agreements to resolve seams issues as they arise. If the parties cannot resolve issues that arise under these agreements, they may raise them to Commission's attention as appropriate. Likewise, the ISO intends to continue to work with Western under the Transmission Exchange Agreement to resolve issues as they arise. The Transmission Exchange Agreement between ISO and Western is subject to the Commission's review and approval. The ISO intends to

¹² *April 2007 MRTU Order* at P 287.

work collaboratively with Western. However, if the parties cannot resolve issues, Western may raise them to the Commission's attention as appropriate.

IV. Conclusion

The ISO requests that the Commission eliminate the joint quarterly seams reporting requirements as established in the *September 2006 MRTU Order* and *April 2007 MRTU Order*. These reporting requirements are no longer necessary in light of the launch of MRTU and the ISO's commitment to participate in seams discussions under WECC's Seams Issues Subcommittee and to work collaboratively with neighboring Balancing Authorities as seams issues arise and with Western as issues arise under the parties' Transmission Exchange Agreement.

Respectfully submitted,

/s/ Andrew Ulmer

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Dated: May 5, 2009

Certificate of Service

I hereby certify that I have this day served a copy of this document upon all parties listed 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 this 5th day of May, 2009 at Folsom, California.

/s/ Jane Ostapovich

Jane Ostapovich