

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

**California Independent System            )       Docket No. ER12-1468**  
**Operator Corporation                    )**

**ANSWER TO MOTION TO INTERVENE AND COMMENTS FILED BY  
POWEREX CORP.**

On April 10, 2012, the California Independent System Operator Corporation (ISO) proposed a tariff amendment that seeks authority to use a Transmission Reliability Margin (TRM) on intertie scheduling paths under certain narrowly defined circumstances.<sup>1</sup> The proposal limits the use of TRM to three specific circumstances and requires the ISO to publicly post TRM values before the close of the Hour Ahead Scheduling Process (HASP) and no more than two hours before dispatch. No protests have been filed in response to this proposal, and several parties have filed non-substantive interventions.<sup>2</sup> Powerex Corp. submitted comments in support of the ISO's tariff amendment, but requests that the Commission direct the ISO to commit to posting TRM values "by a time certain well in advance of the operating hour, e.g., by T-90 or T-85."<sup>3</sup>

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<sup>1</sup> The ISO submits this answer pursuant to Rule 213(a)(3) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(3). Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the ISO tariff.

<sup>2</sup> The following parties filed non-substantive interventions: Pacific Gas and Electric Company, California Department of Water Resources State Water Project, Northern California Power Agency, Modesto Irrigation District, NRG Companies, the City of Santa Clara and the M-S-R Public Power Agency ("Santa Clara/M-S-R"), and the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside ("Six Cities").

<sup>3</sup> Powerex Comments at 7.

The ISO intends to post TRM values as early as possible within the already narrow time window proposed in its filing and will certainly use its best efforts to post before T-85 whenever possible. The Commission should not, however, impose a rigid deadline because it would unduly diminish the value of the ISO's proposal. The three circumstances that may give rise to TRM under the ISO's proposal – transmission topology uncertainty, unscheduled loop flow, and simultaneous path interactions – are inherently variable and can become manifest at different points in time depending on the circumstances. If the ISO is not permitted to establish a TRM shortly before the close of HASP when conditions warrant, it will be forced either to conservatively declare a TRM that might prove to have been unnecessary or refrain from imposing a TRM even though post-HASP schedule curtailments are foreseeable. Either outcome is undesirable and should be avoided by preserving the flexibility to post a TRM value, where necessary, in the minutes leading up the close of HASP.

Powerex states that its proposed timing is justified because it would be unable to factor a TRM value into its HASP bidding if the value is posted in the minutes immediately before the close of HASP. Although the ISO wants to accommodate such adjustments to the greatest degree possible, this is not the only objective to be accomplished through TRM. The primary objective is to prevent disruptions both to ISO operators and to market participants that occur when HASP schedules are first awarded and then must be rescinded in order to accommodate the three identified conditions. This objective will be undermined if the ISO is prohibited from establishing a TRM in the final minutes before the

close of HASP when it becomes clear in that period that curtailments will be necessary in the absence of a TRM.

For the reasons set forth above and in the ISO's transmittal letter, the Commission should approve the ISO's proposed tariff amendment unconditionally as filed and should refrain from imposing the additional deadline identified by Powerex.

Respectfully submitted,

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Dated: May 8, 2012

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, 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 8<sup>th</sup> day of May 2012.

*/s/ Anna Pascuzzo*

Anna Pascuzzo