

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

<b>San Diego Gas &amp; Electric Company,</b>	)	
<b>Complainant,</b>	)	
	)	
<b>v.</b>	)	<b>Docket No. EL00-95-012</b>
	)	
<b>Sellers of Energy and Ancillary Services</b>	)	
<b>Into Markets Operated by the California</b>	)	
<b>Independent System Operator and the</b>	)	
<b>California Power Exchange, Respondents.</b>	)	
	)	
<b>Investigation of Practices of the California</b>	)	
<b>Independent System Operator and the</b>	)	<b>Docket No. EL00-98-000</b>
<b>California Power Exchange</b>	)	
	)	
<b>California Independent System Operator</b>	)	<b>Docket No. RT01-85-000</b>
<b>Corporation</b>	)	
	)	
<b>Investigation of Wholesale Rates of Public</b>	)	
<b>Utility Sellers of Energy and Ancillary</b>	)	<b>Docket No. EL01-68-000</b>
<b>Services in the Western Systems</b>	)	
<b>Coordinating Council</b>	)	

**THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
MOTION TO EXPEDITE CONSIDERATION OF  
THE PROVISIONS OF THE MAY 11, 2001 COMPLIANCE FILING  
CONCERNING OUTAGE COORDINATION**

On May 11, 2001 the California Independent System Operator Corporation (“ISO”) filed implementation plans and proposed revisions to the ISO Tariff<sup>1</sup> (“May 11 Compliance Filing”) in compliance with the Commission’s “Order Establishing Prospective Mitigation and Monitoring Plan for the California Wholesale Electric Markets and Establishing an Investigation of Public Utility Rates in Wholesale Western Energy Markets” issued on April 26, 2001 in the

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<sup>1</sup> Capitalized terms not otherwise defined herein have the same meaning set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

above-captioned proceeding, 95 FERC ¶ 61,115 (“April 26 Order”). Pursuant to Rule 212 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213, the ISO requests expedited consideration of one aspect of that Compliance filing. For the reasons explained below, the Commission should act immediately to accept the ISO’s proposed tariff revisions related to outage coordination.

## **I. BACKGROUND**

### **A. The Commission’s Requirement for Enhanced Outage Coordination**

In December 2000, the Commission found that the market structures and rules for wholesale sales of Energy in California were seriously flawed and that these structures and rules, in conjunction with an imbalance of supply and Demand in California, have created the opportunity for suppliers of electricity to exercise market power and to charge unjust and unreasonable rates.<sup>2</sup> In its March 2001 Recommendation on Prospective Market Monitoring and Mitigation for the California Wholesale Electric Power Market, the Commission Staff recommended with respect to outage coordination:

The current ISO authority may need to be strengthened to achieve greater systematic control over all units (including those of the IOUs) that the ISO must dispatch, i.e., those units that have signed PGAs. The procedures for coordination and outage control should be coupled with reporting requirements to the Commission and expedited review when disputes arise. Unplanned outages would

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<sup>2</sup> *San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange, et al.*, 93 FERC ¶ 61,294 (2000).

continue to be closely monitored by the ISO and questionable outages should immediately be reported to the Commission.<sup>3</sup>

The Commission endorsed this recommendation in the April 26 Order<sup>4</sup> and mandated, among other things, that the ISO must increase its coordination, control, and reporting of generating unit outages. Specifically, the Commission held that “[t]he ISO must be provided the authority to achieve greater systematic control over all units (including those of the IOUs) that the ISO must dispatch, *i.e.*, those units that have signed PGAs [Participating Generator Agreements].” April 26 Order, 95 FERC ¶ 61,115, at 61,355. The Commission directed the ISO to “make a tariff filing . . . proposing a mechanism for coordination and control of outages, including periodic reports to the Commission, consistent with the discussion in this order.” *Id.* On May 11, the ISO submitted proposed revisions to the ISO Tariff in compliance with the Commission’s directives.

### **B. The ISO’s Compliance Filing**

As explained in the ISO’s May 11 Compliance Filing, the ISO already has significant authority under its tariff to approve and modify planned outages for Participating Transmission Owners and Reliability Must-Run (“RMR”) Generating Units. In the May 11 Compliance Filing, the ISO implemented the outage coordination requirements of the April 26 Order by modifying these existing provisions of the ISO Tariff, which the Commission has already found to be just

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<sup>3</sup> Staff Recommendation on Prospective Market Monitoring and Mitigation for the California Wholesale Electric Power Market dated March 2001 at 22.

<sup>4</sup> April 26 Order, 95 FERC at 61,355.

and reasonable, to encompass all Generating Units owned or controlled by any Participating Generator.

In the May 11 Compliance filing, the ISO made very limited changes to its existing outage coordination program other than the simple expansion of the relevant Tariff provisions to include Generating Units covered by a Participating Generator Agreement.<sup>5</sup> The ISO Tariff already provides that “Operators” (*i.e.*, owners of transmission facilities that comprise the ISO Controlled Grid) must coordinate their transmission outages with the ISO. The ISO’s proposed Tariff language merely modifies the definition of “Operators” to include Participating Generators, thus complying with the April 26 Order. Accordingly, the ISO’s proposed Tariff revisions reflect the fact that the ISO’s outage coordination program includes: (1) all transmission facilities that comprise the ISO Controlled Grid and (2) all Generating Units subject to Participating Generator Agreement. This straightforward approach is fully consistent with the mandate in the April 26 Order that the ISO achieve greater control over Participating Generators.

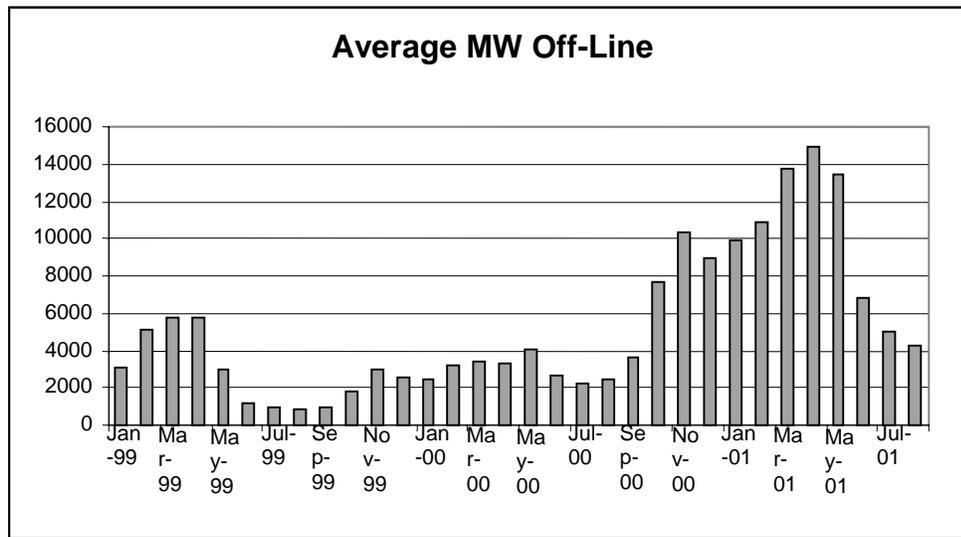
## **II. THE COMMISSION SHOULD APPROVE THE OUTAGE COORDINATION PROVISIONS PRIOR TO THE START OF THE FALL MAINTANCE SEASON**

California is now entering the period in which many generating units are taken off-line for planned maintenance work. Many of these units were required

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<sup>5</sup> One of the few changes to the ISO’s existing outage coordination and provisions proposed in the May 11 Compliance Filing was an extension from three days to five days of the lead time for an Operator’s scheduling of a Maintenance Outage not included in its annual plan or the rescheduling of a Maintenance Outage included in the plan. This modest extension, however, is plainly reasonable in light of the expanded scope of the ISO’s outage coordination responsibilities under the April 26 Order. In addition to transmission facilities and RMR Units, the ISO now will have to schedule Maintenance Outages for all Generating Units owned or controlled by Participating Generators.

to defer maintenance until this Fall period in order to meet Summer Demand. The ISO must be able to schedule maintenance outages to ensure sufficient units remain on-line to ensure system reliability while other units are being maintained. Indeed, it was the combination of planned and unplanned outages in the Fall and Winter of 2000-2001, when too many units were off-line at any given time, that greatly contributed to the crisis in the California wholesale electric market. The significant number of outages confounding reliable operation of California's transmission system is illustrated in the following graph based on data collected by the California Energy Commission.<sup>6</sup>



<sup>6</sup> This information can be found at <[http://www.energy.ca.gov/electricity/1999-2001\\_monthly\\_off\\_line.html](http://www.energy.ca.gov/electricity/1999-2001_monthly_off_line.html)>.

The ISO outage coordination program and Tariff revisions emphasize long-term planning and scheduling of maintenance outages. Generators and Operators have encouraged the ISO to institute long-term planning for scheduled maintenance because of the complicated coordination process involved in procuring generating unit parts, replacement materials, new equipment and arranging for the appropriate labor support to perform the maintenance activities. Longer term planning enables greater coordination and cost controls, while minimizing the likelihood such planned outages will have to be cancelled and rescheduled at the last minute. Planning for the Spring and Summer 2002 seasons must begin very soon if Generators and Operators are to order the necessary materials and parts and make arrangements with the limited labor pool capable of performing maintenance on many of the older units in California. The sooner the ISO and Generators and Operators understand that the ISO's outage coordination program has the Commission's official approval, the sooner Generators and Operators, having received assurance from the Commission's act, will undertake the necessary long-term planning.

Given the ISO's obligation to control the timing and sequencing of scheduled outages, the ISO and Market Participants need the clarity of the Commission's affirmation of the outage coordination aspects of the ISO's May 11 Compliance Filing to ensure all parties understand and comply with the outage coordination processes. Absent clear confirmation from the Commission of the ISO's authority to exercise outage coordination for all Generating Units, there exists a real and present danger that Generators and Operators may elect

unilaterally to take units off-line without observing the ISO's outage coordination processes. Such action could threaten grid reliability. If the Commission acts quickly to clarify that the ISO is authorized to implement its proposed outage coordination program under Tariff revisions adopted by the Commission, the ISO and all Market Participants will have a clear blueprint for compliance with the Commission's orders and an orderly process to ensure needed maintenance is performed in a timely and orderly sequence.<sup>7</sup>

To that end, the ISO believes that it is of the utmost importance at this time for the Commission to act immediately to clarify the ISO's authority to control generator outages.<sup>8</sup> Accordingly, the ISO respectfully requests that the Commission act immediately and approve those aspects of the Mary 11 Compliance filing related to outage coordination.

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<sup>7</sup> Furthermore, pursuant to Executive Order D-23-01 issued by Governor Gray Davis on February 8, 2001, the ISO also currently is working with stakeholders on a generation maintenance program. This ISO effort is designed to be complementary to the related outage coordination program. Clarification of the ISO's authority to implement its outage coordination program will significantly enhance the ISO's ability to develop a compatible and coordinated generator maintenance program to the mutual benefit of the ISO and Generators and Operators.

<sup>8</sup> The ISO appreciates the number of important issues pending before the Commission relating to restructured electric markets and understands that it simply is not possible to address all submissions at once. Thus, while there are a number of issues pending concerning to the ISO's compliance filings for the April 26 and June 19 Orders, the ISO does urge the Commission to adopt, on an expedited basis, this selected aspect relating to outage coordination.

### **III. CONCLUSION**

For the foregoing reasons, the Commission should act expeditiously and accept the outage coordination provisions of the ISO's May 11 Compliance Filing.

Respectfully submitted,

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System Operator Corporation  
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Dated: September 27, 2001

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day electronically served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Folsom, California, this 27<sup>th</sup> day of September, 2001.

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Margaret A. Rostker

September 27, 2001

The Honorable David P. Boergers  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

**Re: San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange  
Docket Nos. EL00-95-000, *et al.***

Dear Secretary Boergers:

Enclosed please find an electronic file containing The California Independent System Motion To Expedite Consideration Of The Provisions Of The May 11, 2001 Compliance Filing Concerning Outage Coordination in the above-captioned proceeding. Thank you for your assistance.

Respectfully submitted,

Margaret A. Rostker  
Counsel for The California Independent  
System Operator Corporation