

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

**Pacific Gas and Electric Company**     )  
  )     **Docket No. ER01-276-000**  
  )

**MOTION TO INTERVENE AND PROTEST OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 211 and 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.211 and 385.214, and the Commission’s November 3, 2000, Notice, the California Independent System Operator Corporation (“ISO”) hereby moves to intervene and protests in the above-identified proceeding.

**I. BACKGROUND**

This proceeding concerns Pacific Gas and Electric Company’s (“PG&E’s”) proposed amendments to the Coordinated Operations Agreement (“COA”) governing relations between PG&E and participants in the California-Oregon Transmission Project (“COTP”). The COTP is a 500 KV transmission facility that connects the transmission system of the Bonneville Power Administration at the California-Oregon Border with the transmission system of PG&E near PG&E’s Tesla Substation. It was constructed by the Transmission Agency of Northern California (“TANC”) – a joint power agency representing a number of municipal participants – and completed in 1993. The COA establishes the framework for the coordinated parallel operation of the COTP with the Pacific AC Intertie, which is owned by PG&E, San Diego Gas & Electric Company, and Southern

California Edison Company. Among other things, the COA provides for PG&E to implement the schedules, including losses, submitted by COTP participants and be compensated for such services.

When the ISO became the Control Area Operator for the ISO Controlled Grid in 1998, it became responsible for many of the Control Area Operator responsibilities assigned to PG&E under the COA. In addition, because the ISO assumed operational control of the Pacific AC Intertie, it became necessary for the ISO to implement the schedules on the COTP. Under the terms of its Tariff, however, the ISO can only accept schedules from Scheduling Coordinators. The COTP participants were not, and have not become, Scheduling Coordinators for COTP transactions. PG&E therefore agreed to continue to accept schedules, as was its responsibility under the COA, and to submit them to the ISO.

In its proposed amendment to the COA, PG&E would revise the COA to delete references to PG&E's responsibilities as Control Area Operator. PG&E would also remove all references to its scheduling responsibilities for the COTP. PG&E does not, however, provide substitute scheduling arrangements for COTP participants. Rather, it leaves COTP participants to make those arrangements themselves.

## **II. MOTION TO INTERVENE**

The ISO is a non-profit public benefit corporation organized under the laws of the State of California and responsible for the reliable operation of a grid comprising the transmission systems of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (the "ISO Controlled Grid"). The ISO is also the Control Area Operator for the ISO Controlled Grid and other areas of California that constitute the ISO Control

Area. This proceeding concerns an agreement governing coordinated operations between facilities operated by the ISO and facilities that are not formally under the ISO's operational control, but which are in the ISO's Control Area and on which the ISO is responsible for implementing schedules. The ISO therefore has a unique interest in this proceeding. In addition, because the coordinated operations of these facilities is necessary for the reliability of the ISO Controlled Grid – for which the ISO is responsible – it is in the public interest that the ISO participate in this proceeding.

The ISO should therefore be permitted to intervene in this proceeding.

### **III. PROTEST**

The ISO believes it is appropriate for PG&E to revise the COA to remove outdated references to its responsibilities as Control Area Operator and generally has no objection to those revisions. Certain changes, which the ISO believes are necessary to its proper fulfillment of its role as Control Area Operator, are identified in Part B, below.

It is inappropriate, and irresponsible, however, for PG&E to revise the COA to eliminate its scheduling responsibilities unless and until alternative arrangements are made for scheduling transactions on the COTP. Such action would in effect remove from service a vital conduit of imports into California and exports from California and would unfairly adversely affect the COTP participants' ability to use their facilities.

#### **A. PG&E Must Continue to Provide the ISO with Schedules for the COTP Until Alternative Arrangements Are Made.**

PG&E admits that it agreed, at the time the ISO began operations, to provide the ISO with the necessary information for the scheduling of transactions

over the COTP. Although PG&E insists that, in doing so, it has not been acting as Scheduling Coordinator, as defined in the ISO Tariff, for the COTP Participants and is not responsible for any ISO charges in connection with those transactions, the ISO does not accept the whole of PG&E's characterization of its responsibilities. Determination of that issue, however, is not necessary for the Commission's evaluation of the current proposal. Regardless of how that issue is determined, the fact remains that PG&E has been fulfilling its scheduling responsibilities under the COA by providing the necessary information to the ISO. Indeed, PG&E acknowledges that the changes are necessary to make clear that PG&E "will *no longer* have any role as to scheduling, either formally or informally." (Emphasis added.) PG&E's desire to remove itself from its role as intermediary may be understandable. PG&E's proposal to unilaterally withdraw from its scheduling obligations, however, would unjustly leave the COTP participants with no means to schedule their transmission transactions.<sup>1</sup>

As the Commission is aware, California is import dependent. The COTP is a major conduit for imports into California by the COTP participants. Unless qualified entities provide the ISO with schedules for the COTP, the ISO cannot reliably implement the schedules for those imports. The unavailability of the COTP capacity would significantly undermine the ability to reliably serve California's Load. PG&E undertook in the COA the responsibility for implementing the COTP schedules in coordination with the PACI. Although it may be appropriate to reevaluate that responsibility in light of restructuring, PG&E cannot properly simply abdicate its role. Such action would be manifestly unjust to California consumers, and particularly to COTP participants.

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<sup>1</sup> PG&E does not purport to impose upon the ISO a duty to accept schedules directly from the COTP participants, which duty would be contrary to the ISO Tariff requirements. The imposition of such responsibility – which is beyond PG&E's authority – would require the resolution of numerous issues, including responsibility for costs associated with fulfillment of the ISO's reliability responsibilities.

For these reasons, the Commission should reject those portions of PG&E's filing that relate to its scheduling responsibilities or should condition its approval on the completion of viable alternative arrangements in accordance with the ISO Tariff for scheduling transactions on the COTP, including provisions for scheduling and settlements.

#### **B. Necessary Revisions to Amended COA**

Although, as noted above, the ISO does not in general object to PG&E's amendment of the COA to remove outdated references to its responsibilities as Control Area Operator, certain revisions to the amended COA are necessary to preserve the ISO's ability to fulfill its responsibilities as Control Area Operator.<sup>2</sup>

These are as follows:

- (1) Section 5 provides that the COA does not establish methods or procedures for scheduling the use of the COTP. It should also provide that it does not set forth all Control Area requirements or modify any Control Area requirements that may exist but are not set forth in the COA.
- (2) Section 7.3.3, which refers to PG&E's responsibility to provide certain protocols to the Control Area Operator, should refer not only to the responsibilities under section 6.4.2 of the TCA, but more broadly to PG&E's responsibilities under section 6.4 of the TCA.
- (3) Section 8.2.3 should provide that the operating procedures established thereunder should be provided to the Control Area Operator.

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<sup>2</sup> In addition to the revisions necessary to the ISO's responsibilities as Control Area Operator, the definition of the CAISO Control Area should be revised to reflect the fact that the City of Pasadena has been included in the Control Area subsequent to commencement of operations. Section 4.4b should be revised to insert "or have been placed" after "as may be placed."

- (4) Section 8.2.4 provides that the procedures for the coordination and operation of the COTP and the PACI shall be established by the E&O Committee. It should require that the procedures be established in coordination with the Control Area Operator.
- (5) Section 8.2.5, which provided for compensation to the Control Area Operator, is deleted. It should be revised to provide that the Control Area Operator will be compensated in accordance with the ISO Tariff.
- (6) Section 8.3.2.2 calls for the Parties and Control Area Parties (which include, for example, all members of TANC) to inform the ISO of operation procedures, Nomograms, and coordination of planning and operating matters. This could result in multiple, perhaps differing communications. The section should identify the specific entity or entities responsible for advising the ISO of such matters.
- (7) Section 8.3.1 provides for determination of outage schedules. It should require advance notice to the ISO of outage schedules in a manner consistent with the requirements of the ISO Tariff.
- (8) Section 8.4.3, which required telecommunications links with the Control Area Operator, is deleted. The requirement that COTP Scheduling Entities maintain such links with the Control Area Operator should be retained.
- (9) Section 8.4.7, which provided that scheduled use should be reduced for losses, is deleted. It should require losses to be scheduled and settled in

accordance with the Control Area standard that is defined in the ISO Tariff.

- (10) Section 11.2.2.2 provides for reduction in COTP ASC share in the case of outages that were not agreed to by PG&E. The section should also provide for such reduction if the outage has not been scheduled in a manner consistent with the ISO Tariff.

#### **IV. COMMUNICATIONS**

Please address communications concerning this filing to the following persons:

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## V. CONCLUSION

Based on the foregoing, the ISO respectfully requests that the Commission permit it to intervene, according it full party status in this proceeding, and that the Commission reject those portions of PG&E's filing that relate to its scheduling responsibilities or condition its approval on the completion of alternative arrangements in accordance with the ISO Tariff for scheduling transactions on the COTP, including provisions regarding scheduling and settlements. In addition, the Commission should direct that the amended COA be revised consistent with the ISO's recommendations identified in this filing.

Respectfully submitted,

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Attorneys for the California Independent System Operator Corporation

Date: November 21, 2000

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this Docket No. ER01-276-000, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2000).

Dated at Washington, D.C. on this 21<sup>st</sup> day of November, 2000.

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Sean A. Atkins

November 21, 2000

David P. Boergers  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: **Pacific Gas and Electric Company**  
**Docket No. ER01-276-000**

Dear Secretary Boergers:

Enclosed for filing are one original and 14 copies of the Motion to Intervene and Protest of the California Independent System Operator Corporation in the above-identified docket. An additional copy of the filing is also enclosed. Please stamp the additional copy with the date and time filed and return it to the messenger.

Thank you for your assistance in this matter.

Respectfully submitted,

Sean A. Atkins  
Counsel for the California  
Independent System Operator Corporation