

# ALSTON & BIRD LLP

601 Pennsylvania Avenue, N.W.  
North Building, 10<sup>th</sup> Floor  
Washington, DC 20004-2601

202-756-3300  
Fax: 202-756-3333

Bradley R. Miliauskas

Direct Dial: 202-756-3405

Email: bradley.miliauskas@alston.com

November 21, 2005

## VIA ELECTRONIC FILING

The Honorable Magalie R. Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: California Independent System Operator Corporation,  
Docket No. ER06-61-000**

Dear Secretary Salas:

Attached please find the Motion for Leave to File Answer and Answer of the California Independent System Operator Corporation, submitted in the above-captioned docket.

Thank you for your assistance in this matter.

Respectfully submitted,

/s/ Bradley R. Miliauskas  
Bradley R. Miliauskas

Counsel for the California Independent  
System Operator Corporation

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

California Independent System                    )  
Operator Corporation                                )       Docket No. ER06-61-000

**MOTION FOR LEAVE TO FILE ANSWER AND ANSWER OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION**

Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2005), the California Independent System Operator Corporation (“ISO”)<sup>1</sup> submits its answer to the motions to intervene submitted in the captioned proceeding,<sup>2</sup> and pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213, the ISO moves to file an answer, and files its answer, to the motion to intervene and protest submitted in the captioned proceeding.<sup>3</sup> This proceeding concerns in relevant part the ISO’s filing of a Metered Subsystem (“MSS”) Agreement between the ISO and the City of Vernon, California (“Vernon MSS

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

<sup>2</sup> Motions to intervene were submitted by the City of Santa Clara, California and the Northern California Power Agency (“NCPA”).

<sup>3</sup> Southern California Edison Company (“SCE”) submitted the motion to intervene and protest. The ISO requests waiver of Rule 213(a)(2) (18 C.F.R. § 213(a)(2)) to permit it to make an answer to SCE’s protest. Good cause for this waiver exists here because the answer will aid the Commission in understanding the issues in the proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in this case. See, e.g., *Entergy Services, Inc.*, 101 FERC ¶ 61,289, at 62,163 (2002); *Duke Energy Corporation*, 100 FERC ¶ 61,251, at 61,886 (2002); *Delmarva Power & Light Company*, 93 FERC ¶ 61,098, at 61,259 (2000).

Agreement"). The ISO requested that the Vernon MSS Agreement be made effective on December 1, 2005.

## **I. STATEMENT OF ISSUES**

In accordance with Rule 203(a)(7), 18 C.F.R. 385.203(a)(7), the ISO provides this Statement of Issues.

1. Whether the Commission should reject portions of the Vernon MSS Agreement that are very similar to sections in MSS Agreements that were approved by the Commission in the proceeding concerning Amendment No. 46 to the ISO Tariff. *See California Independent System Operator Corporation*, 100 FERC ¶ 61,234, at Ordering Paragraph (C) (2002).
2. Whether the Commission should reject a recital in the Vernon MSS Agreement on the ground that Vernon might use the language in the recital in an attempt to override a directive of the Commission.

## **II. ANSWER**

The ISO does not oppose any of the motions to intervene.

SCE argues that the Commission should reject Section 8.2.1 of the Vernon MSS Agreement on the grounds that it is unjust, unreasonable, and unduly discriminatory. SCE at 5-7. SCE ignores the fact that this section is very similar to sections contained in the NCPA MSS Aggregator Agreement between the ISO and NCPA ("NCPA MSS Agreement") and in the MSS Agreement between the ISO and Silicon Valley Power ("SVP MSS Agreement"), both of

which were submitted in the proceeding concerning Amendment No. 46 to the ISO Tariff (“Amendment No. 46”). See Amendment No. 46, Docket No. ER02-2321-000 (July 15, 2002), at Attachment C, § 8.2.2 of NCPA MSS Agreement, and at Attachment E, § 8.2.1 of SVP MSS Agreement. Among the fundamental premises of the concept of a MSS is that it is responsible for meeting its own local reliability needs and is permitted to exercise a greater degree of control over its internal Generating Units than ordinary Market Participants. The provisions of Section 8.2.1 are entirely consistent with this concept. Moreover, the Commission accepted both of those MSS Agreements subject to conditions that are not relevant here. See *California Independent System Operator Corporation*, 100 FERC ¶ 61,234, at Ordering Paragraph (C) (2002). Therefore, the Commission should accept the section at issue in this proceeding as well.

SCE also argues that Section 8.2 of the Vernon MSS Agreement should be rejected on the grounds of being unjust, unreasonable, and unduly discriminatory. SCE at 7. That section is very similar to sections contained in the NCPA MSS Agreement and the SVP MSS Agreement and accepted by the Commission. See Amendment No. 46 at Attachment C, § 8.2 of NCPA MSS Agreement, and at Attachment E, § 8.2.1 of SVP MSS Agreement. Therefore, the Commission should accept the section at issue in this proceeding as well.

SCE expresses the concern that, “if there is a FERC must-offer obligation, or a successor requirement for load serving entities to be resource adequate with a requirement for resource adequacy resources to be available to the ISO for dispatch,” Vernon might claim that one of the recitals in the Vernon MSS

Agreement (Recital J) “overrides that requirement.” SCE at 8. SCE has no reason for concern. Recital J to the Vernon MSS Agreement does not contain anything like the language that SCE cites as being in that recital, nor is such language found anywhere else in the Vernon MSS Agreement. Moreover, SCE’s concern is fully addressed in Section 7.1.5.1 of the Vernon MSS Agreement, which provides: “Nothing in this Section 7.1.5 is intended to affect Vernon’s obligation to comply with any market mitigation requirement, including any must-offer requirement, that the FERC may impose on MSS Operators.”

### III. CONCLUSION

Wherefore, the ISO respectfully requests that the Commission approve the Vernon MSS Agreement without modification.

Respectfully submitted,

Charles F. Robinson  
General Counsel  
John Anders  
Senior Counsel  
The California Independent  
System Operator Corporation  
151 Blue Ravine Road  
Folsom, CA 95630  
Tel: (916) 351-4400  
Fax: (916) 608-7222

/s/ Michael E. Ward  
Michael E. Ward  
Bradley R. Miliauskas  
Alston & Bird LLP  
601 Pennsylvania Avenue, NW  
North Building, 10th Floor  
Washington, D.C. 20004-2601  
Tel: (202) 756-3405  
Fax: (202) 756-3333

Dated: November 21, 2005

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in the 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).

/s/ John Anders  
John Anders