

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

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

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION JOINT
QUARTERLY SEAMS REPORTS FOR THE
THIRD QUARTER OF 2008**

In compliance with the Federal Energy Regulatory Commission’s (“FERC” or Commission) September 21, 2006, order directing “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,”¹ the California Independent System Operator Corporation (“CAISO”) hereby submits a joint quarterly report with Bonneville Power Administration (“BPA”) regarding seams-related discussions that took place with that party during the third quarter of 2008. The joint status report identifies and, as appropriate, summarizes bilateral discussions between the CAISO and neighboring Balancing Authorities regarding seams issues. In addition, the CAISO reports on discussions facilitated by the Western Electricity Coordinating Council (“WECC”) Seams Interface Committee during the third quarter of 2008.

¹ *California Independent System Operator Corp.* 116 FERC ¶ 61,274 at P 490 (emphasis in original) (“September 21 Order”).

I. INTRODUCTION

In an effort to continue to identify and resolve inter-control area seams issues, during the third quarter of 2008 the CAISO had discussions with BPA to negotiate an Adjacent Balancing Authority Operating Agreement ("ABAOA") to address the mandatory NERC and WECC Reliability Standard for emergency assistance.² The CAISO is submitting a joint report with BPA as Attachment A

In the third quarter of 2008, representatives of the CAISO also met with representatives of other control areas in the Western Interconnection under the auspices of committees organized by the WECC. The purpose of these meetings is to identify and discuss any issues that might exist today or might arise with the inception of MRTU that could affect the operation of interconnected control areas as well as to discuss general seams issues in the Western Interconnection. A summary of those meetings is provided in Section IV of this report.

II. JOINT QUARTERLY REPORT PROCESS

As described further in this document, since the Commission's September 21 Order requiring the CAISO to meet with neighboring Control Areas to resolve seams issues, the CAISO has been diligently seeking to meet with its neighboring control areas to identify and resolve any seams issues. The CAISO is approaching this in a

² The Adjacent Balancing Authority Operating Agreement ("ABAOA") is specific to the mandatory NERC Reliability Standard EOP-001-0 which directs Balancing Authorities to have operating agreements in place with adjacent Balancing Authorities that, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities. The Interconnected Balancing Authority Area Operating Agreement ("IBAAOA") outlines operational responsibilities such as switching, operating limits, relays, voltage control, dynamic scheduling, security coordination, scheduling and dispatch, outage coordination and emergency operations.

two-pronged fashion: (1) one-on-one meetings with neighboring Balancing Authority Areas, and (2) participation in WECC committee activities on regional issues.

In an attempt to fulfill the requirement for a joint reporting process on the meetings with neighboring control areas, the CAISO, working with neighboring Balancing Authority Areas, has established what it views as an administratively simple process to ensure that the parties are in mutual agreement on the reports filed with the Commission. This process consists of the following.

- 1) At the time of the meeting the parties discuss the need for a joint report filing with the Commission and agree which party will prepare the first draft of the joint meeting report.
- 2) Within fourteen (14) calendar days following the end of the calendar quarter, the applicable party prepares the first draft of the meeting report and shares this with the meeting participants.
- 3) Within twenty-one (21) calendar days following the close of the calendar quarter the parties submit responsive comments to the entity that prepared the first draft of the meeting summary. Through any required iterations of modifications, the parties reach consensus that the summary may be filed as a joint report.³
- 4) At least one (1) day prior to filing the report with the Commission the CAISO provide to all counterparties a copy of the full text of the quarterly seams report.

³ Should the CAISO and the counter party fail to reach a consensus on the summary, the CAISO shall inform the Commission of this fact in its quarterly report. In such instances, nothing shall limit a party's right to provide additional information, comments or summaries to the Commission regarding seams discussions between the CAISO and neighboring control areas.

- 5) The CAISO then includes all joint reports in the next quarterly report to the Commission or any supplement to such quarterly report.

With respect to the WECC process, the CAISO works with the chairs of the relevant committees to develop a mutually-agreeable description of WECC activities to be filed with this quarterly status report.

III. JOINT REPORTS OF THE CAISO AND OTHER CONTROL AREAS

The CAISO has followed the above process in the preparation of these joint reports. **Attachment A** of this filing includes a joint report of the bilateral meeting between the CAISO and BPA to address the mandatory NERC and WECC Reliability Standard for Emergency Assistance. The CAISO and BPA have signed an Adjacent Balancing Authority Operating Agreement ("ABAOA").

IV. WECC SEAMS ACTIVITY

The CAISO continues to work through and with the established WECC committees to identify and discuss potential seams issues. The WECC Seams Issues Subcommittee ("SIS") of the WECC Market Interface Committee ("MIC") held a meeting on September 18, 2008, in Salt Lake City, Utah. A summary of the WECC SIS discussions is provided below. In addition, draft minutes of this meeting are available on the WECC web site⁴ and are appended to this report as **Attachment B**. The following summary of seams efforts of WECC committees for the third quarter of 2008 has been presented to Mr. Jerry Smith, Chair of the WECC SIS and Vice-Chair of the MIC. Although this summary has not been formally adopted by the WECC, Mr.

⁴ The draft minutes are available at <http://www.wecc.biz/documents/meetings/MIC/SIS/2008/September/SIS%20September%20Minutes%20RAFT%20for%20posting.pdf>.

Smith has authorized the CAISO to state that he has reviewed this summary and personally agrees with it.

September 18, 2008 SIS Meeting

Among other topics, the agenda of the September 18, 2008, meeting included a review of the WECC Joint Guidance Committee's discussion of ACE Diversity Interchange, an identification of issues of timeline alignment by transmission providers, a discussion of ongoing work by three groups regarding intra-hour scheduling, and a report on ongoing work by WECC's Unscheduled Flow Administrative Subcommittee on possible revisions to the Unscheduled Flow Mitigation Plan. The CAISO provided an update of its MRTU implementation status, as described in the WECC SIS meeting notes in Attachment B.

At its July 8-9, 2008, meeting, the SIS had requested that: 1) the CAISO provide a written summary of any FERC order issued on the CAISO's IBAA proposal and provide that to the SIS for discussion at the next SIS meeting (i.e., September 18, 2008); and 2) the Transmission Agency of Northern California (TANC) provide a specific list of "seams" issues raised by the CAISO's IBAA proposal. TANC reviewed their list of IBAA issues at the committee meeting and there was a general discussion of whether these were seams issues or pricing issues. The CAISO reported that FERC had not yet issued its decision, but that the ruling was scheduled for the same day as this meeting. Details of the discussion of the IBAA proposal at the September 18 meeting are contained in the WECC SIS meeting notes in Attachment B. At the next SIS meeting, the CAISO will provide a summary of the key features of the FERC

September 18, 2008, ruling on IBAA, and TANC will reconsider its issues matrix as a result of this ruling.

V. CONCLUSION

Wherefore, the CAISO respectfully requests that the Commission accept this quarterly seams status report.

Respectfully submitted,

/s/Anna A McKenna_____

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Dated: October 30, 2008

ATTACHMENT A**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION****Joint Report on Control Area Meeting between the California ISO and
Bonneville Power Administration****October 30, 2008**

Throughout the third quarter of 2008, staff members of the CAISO and Bonneville had e-mail exchanges and discussions. As noted in the 2008 First Quarter Joint Report the CAISO agreed with Bonneville on the need for a long-term agreement that would further codify each party's continued satisfaction of the applicable NERC and WECC requirements. The CAISO expressed its view that the new draft "Interconnected Balancing Authority Area Operating Agreement" or (IBAAOA) was a possible vehicle for a longer-term comprehensive agreement regarding coordinated reliable operation of the interconnection. During the second quarter the CAISO developed a comprehensive draft of the IBAAOA which was distributed to Bonneville on June 27, 2008 for their consideration. Bonneville provided initial comments on August 19th which has lead to multiple discussions towards the further development of this agreement during the fourth quarter of this year.

Also noted in the First Quarter Joint Report the CAISO expressed a willingness to enter into an operating agreement in order to satisfy the immediate requirements of the mandatory NERC Reliability Standard EOP-001-0, R1. Bonneville and the CAISO completed discussions on the operating agreement and executed the Adjacent Balancing Authority Operating Agreement (ABAOA) with an effective date of May 13, 2008.

Issues requiring resolution before MRTU start-up: While no MRTU-specific seams issues have been identified to date, not all seams issues may have been identified and may not become apparent until MRTU start-up. As issues become apparent concerning MRTU implementation, the parties will work together to resolve them so that MRTU can be implemented successfully on schedule.



ATTACHMENT B

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

September SEAMS ISSUES SUBCOMMITTEE (SIS)

Draft Meeting Minutes

October 30, 2008

Draft minutes from the September SIS meeting can be found on the following WECC website link:

<http://www.wecc.biz/documents/meetings/MIC/SIS/2008/September/SIS%20September%20Minutes%20DRAFT%20for%20posting.pdf>

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 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 this 30th day of October, 2008 at Folsom in the State of California.

/s/ Susan L. Montana
Susan L. Montana