

UNITED STATES OF AMERICA 104 FERC ¶ 61,196  
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator  
Corporation

Docket Nos. ER98-997-000  
ER98-997-002  
ER98-1309-000

California Independent System Operator  
Corporation

Docket Nos. ER02-2297-001  
ER02-2298-001

OPINION NO. 464

OPINION AND ORDER AFFIRMING INITIAL DECISION

Issued: August 12, 2003

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**APPEARANCES**

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*Sean M. Neal, Esq.*, on behalf of Transmission Agency of Northern California,  
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*Joel Cockrell, Esq., Joseph Long, Esq.*, on behalf of the Federal Energy Regulatory  
Commission

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
William L. Massey, and Nora Mead Brownell.

California Independent System Operator Corporation	Docket Nos. ER98-997-000 ER98-997-002 ER98-1309-000
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OPINION NO. 464

OPINION AND ORDER AFFIRMING INITIAL DECISION

(Issued August 12, 2003)

1. In this order, the Commission reviews an Initial Decision<sup>1</sup> resolving certain issues concerning the terms and conditions of the Participating Generator Agreement (PGA) under the California Independent System Operator Corporation's (CAISO's) Tariff as applied to Qualifying Facilities (QFs). As we discuss below, we largely affirm the Initial Decision and require CAISO to file a pro forma QF-specific PGA that incorporates the Initial Decision's findings. This decision benefits customers by deciding issues related to PGAs filed by QFs under CAISO's Tariff.

**Background**

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<sup>1</sup>California Independent System Operator Corporation, 96 FERC ¶ 63,015 (2001).

2. Pursuant to the judge's instructions, CAISO submitted on behalf of the briefing parties in this proceeding a Joint Statement of Procedural History, which is provided in the background of the Initial Decision.<sup>2</sup>

3. The hearing commenced on May 1, 2001 and continued through May 3, 2001. The Initial Decision was issued on July 31, 2001.

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<sup>2</sup>96 FERC ¶ 63,015 at 65,130-131.

4. Briefs on Exceptions to issues resolved by the Initial Decision were filed by Cogeneration Association of California, Aera Energy LLC and Arco CQC Kiln (collectively, CAC), SoCal Edison, CAISO and Commission Staff. Western System Coordinating Council (WSCC)<sup>3</sup> filed a motion to intervene out-of-time along with a Brief on Exceptions. Briefs Opposing Exceptions were filed by CAC, SoCal Edison, Commission Staff, and CAISO.

### **Initial Decision**

5. In the Initial Decision, the judge summarized what a QF is. He stated that a QF cogeneration facility produces electrical energy and steam or other forms of useful energy, which are used for industrial, commercial, heating or cooling purposes.<sup>4</sup> In order to qualify as a QF, a facility must meet the requirements set forth in 18 C.F.R. § 292.101 et seq., and the facility must be owned by an entity not primarily engaged in the generation and sale of electrical power.<sup>5</sup>

6. The judge stated that, under California law, CAISO is responsible for the operation of and reliability of the transmission systems of California investor-owned utilities. CAISO, pursuant to its Tariff, enters into agreements with market participants that govern their relationship with the CAISO. CAISO enters into PGAs with generators that choose to make use of the CAISO Controlled Grid or participate in CAISO markets for various electrical services. CAISO's Tariff does not distinguish between QFs and other generators with regard to the requirement that the generator enter into a PGA as a condition of participating in the CAISO's markets.

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<sup>3</sup>On April 18, 2002, WSCC was merged with the Western Transmission Association and the Southwest Regional Transmission Association to create the Western Electricity Coordinating Council (WECC).

<sup>4</sup>96 FERC at 65,131, citing 16 U.S.C. § 796(18)(A).

<sup>5</sup>Id., citing 16 U.S.C. § 796(18)(B); CAC Initial Brief at 2, n.3.

7. Following the hearing, the judge concluded that CAISO's existing pro forma PGA is not just and reasonable if applied to QFs and directed CAISO to file a QF-specific PGA that includes the Initial Decision's findings. The judge addressed the following issues.

### **Issue 1: The Need for a QF PGA**

8. The judge ruled that the pro forma PGA is not just and reasonable as applied to QFs due to QFs' distinct characteristics.<sup>6</sup> The judge explained that a QF differs in purpose and operation from a traditional generator in that it is designed to provide for the needs of an industrial site and to sell excess electricity if available.<sup>7</sup> The judge agreed with the testimony of CAC witness Ross that, “[t]reating QF generation like other interconnected generation may cause the QF industrial site to lose the benefits of the self-sufficiency contemplated by PURPA [the Public Utility Regulatory Policies Act].”<sup>8</sup> Specifically, CAC witness Ross testified that: (1) operating the QF generator as any other system generator would diminish the ability to operate the industrial site in an integrated manner to optimize thermal and electric energy supply; (2) reducing the site’s control over the curtailment and dispatch of QF generation could lead to process, safety and health problems on site; and (3) treating QF generation like other generation would lead to

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<sup>6</sup>96 FERC at 65,132-33.

<sup>7</sup>Id.

<sup>8</sup>96 FERC at 65,133, citing Exhibit CAC-2 at 6.

placing costs on QF-served electric energy consumption as if the electric energy were served from the grid which would negate costs savings associated with QF generation.<sup>9</sup>

9. In addition, the judge rejected CAISO's request that the ruling in this proceeding be confined to the three named QFs in the two dockets set for hearing, i.e., Midway Sunset, Texaco Midway, ARCO/CQC Kiln; the judge found that the Commission intended the resolution of the instant proceeding to have a generic effect.<sup>10</sup>

10. Upon finding that the existing terms and conditions of the pro forma PGA are not just and reasonable as applied to QFs, the judge considered CAC's proposal for a pro forma QF PGA. SoCal Edison supported CAC's proposal, but also proposed that a QF, which has a Power Purchase Agreement (PPA) with a Utility Distribution Company (UDC), be required to notify the UDC before it enters into a PGA and be required to submit to the UDC the operating instructions it would submit to CAISO. The judge rejected SoCal Edison's proposal as imposing a burden on CAISO and as being more reasonably a matter of contract negotiation between SoCal Edison and the relevant QF.

## **Issue 2: Netting Issues**

11. The judge then addressed the issue of whether the requirement in the PGA that QFs abide by CAISO's Tariff provisions regarding metering, telemetry, scheduling, procurement and cost allocation of ancillary services on a gross basis is just and reasonable. In this regard, the judge specifically addressed whether: (1) the CAISO's "control area firm load" includes a QF's gross behind-the-meter loads, as opposed to its net load, for purposes of determining CAISO's responsibility under relevant reliability criteria; (2) it is just and reasonable to procure ancillary services and allocate ancillary services costs for a QF's gross behind-the-meter loads, as opposed to its net load; (3) it is unjust and unreasonable to require QFs that enter into PGAs to gross meter (including telemetry, when required by the CAISO Tariff) generation and behind-the-meter load; (4) it is just and reasonable to require QFs that enter into PGAs to gross schedule

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<sup>9</sup>Id.

<sup>10</sup>96 FERC at 65,133, citing California Independent System Operator Corp., 91 FERC ¶ 61,243 at 61,875, 61,876-77 (2000); California Independent System Operator Corp., 94 FERC ¶ 61,266 at 61,293 (2001).

generation and load; and (5) it is discriminatory vis-a-vis other customers if CAISO does not permit metering, scheduling and cost allocation of ancillary services on a net basis for QFs.

12. CAISO's Tariff provides for the procurement of operating reserves and the allocation of such reserves on a gross basis for behind-the-meter loads. Gross basis and gross metering refer to behind-the-meter loads and behind-the-meter generation that are metered individually. Net basis or net metering refer to the practice whereby behind-the-meter load or generation is metered by a single meter, thereby providing either a net load or net generation meter read at a given instant of time.<sup>11</sup> As the control area operator, CAISO is required to maintain the reliability of the Control Area Grid in accordance with the criteria promulgated by WSCC and the North American Reliability Council (NERC).

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<sup>11</sup>96 FERC at 65,134, citing SoCal Edison Initial Brief at 5, n.8.

13. In distinguishing between gross load and net load, the judge considered how non-traditional QF generation differs from conventional generation. The judge stated that this distinction is clearest in the case of cogeneration QF facilities, which produce electrical energy as a byproduct of the production of thermal energy and are driven largely by a need for thermal energy rather than a need to produce and sell electricity into the market.<sup>12</sup> Thus, unlike most generation connected to the CAISO Controlled Grid, QF generation may hold direct contractual commitments to deliver thermal and electric energy to consumers that are located at or near the generating site. Further, the judge stated that QF generation, unlike typical utility generation facilities, may be interconnected with facilities other than the utility grid for electric energy deliveries.<sup>13</sup>

14. The judge found that, in transmitting energy over privately-owned or dedicated wires, i.e., behind the site boundary meter transactions, the energy does not flow onto the CAISO Controlled Grid and the generation, transmission and consumption of electric energy occurs behind the point of interface with the grid.<sup>14</sup> Accordingly, a QF will produce a certain amount of energy at the facility and directly consume all or part of that energy for itself or others before delivering any surplus energy to CAISO. The load served by the QF without using the CAISO Controlled Grid is referred to as the site load or behind the meter load. If the QF does not produce enough energy for the behind-the-meter load, a net load appears on CAISO's system.

15. The judge then turned to the issues of whether CAISO's "control area firm load" includes a QF's gross behind-the-meter loads for purposes of reliability and whether it is just and reasonable to procure ancillary services and allocate ancillary services costs for a QF's gross behind-the-meter loads, as opposed to its net load.

16. The judge ruled that there is no evidence that behind-the-meter loads are automatically disconnected from CAISO's transmission system if the QF is not available.<sup>15</sup> The judge found that, on a regular basis, the power generated by a QF is consumed behind-the-meter. If the QF has more than enough power for itself and other behind-the-meter customers, that surplus power could be available to the UDC. Otherwise, the QF depends on the UDC to meet the balance of its needs, i.e., the UDC meets the net load which

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<sup>12</sup>96 FERC at 65,136.

<sup>13</sup>Id.

<sup>14</sup>Id., citing Exhibit CAC-2 at 4-6.

<sup>15</sup>96 FERC at 65,137.

appears on its system. The judge added that, if the QF is shut down, the record shows that SoCal Edison provides back up power to the behind-the-meter loads.<sup>16</sup> The judge stated that, in its role as a UDC, SoCal Edison schedules its own generation to meet its loads, and its loads include its standby contract customers.

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<sup>16</sup>Id.

17. Thus, the judge found that SoCal Edison, the UDC in this case, continues to provide the necessary ancillary services for QF behind-the-meter loads, thereby satisfying the NERC and WSCC reliability requirements.<sup>17</sup> Further, because CAISO does not backup the behind-the-meter load, the judge found that only net loads are included in CAISO's control area firm load.

18. The judge addressed CAISO's claims that the standby service that the UDCs, such as SoCal Edison, provide is not a substitute for operating reserves.<sup>18</sup> The judge stated that, according to Commission Staff witness Ballard's uncontroverted testimony, the standby service under contract with the UDC includes operating reserves.<sup>19</sup> Further, the judge referred to Commission Staff witness Ballard's testimony that, where the QF load has a standby contract with the UDC, it would not need "to purchase the reserves from CAISO under any circumstance if it's contracted to provide standby service through a third party."<sup>20</sup> The judge found that CAISO provides ancillary services (operating reserves) for net loads but not gross behind-the-meter loads. Therefore, the judge concluded that CAISO's control area firm load should only include net loads.<sup>21</sup> Accordingly, the judge found it just and reasonable to allocate ancillary service costs for a QF's net load.

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<sup>17</sup>Id.

<sup>18</sup>Id.

<sup>19</sup>96 FERC at 65,138-39, citing Tr. 564-65 (Ballard).

<sup>20</sup>96 FERC at 65,139, citing Tr. 566 (Ballard).

<sup>21</sup>Id.

19. In terms of metering, including telemetry when required by CAISO's Tariff, the judge ruled that it is unjust and unreasonable to require QFs that enter into a PGA to gross meter and telemeter generation and behind-the-meter load, except as noted below. The judge found that, to obtain real-time information for reliability of the system, CAISO must measure the actual power flow that appears at the interconnection point between the QF and the UDC. The judge found that if the behind-the-meter load and/or QF generation varies, basic physics dictates that the flow of energy must change at the point of interconnection. Thus, observed the judge, CAISO only needs to measure the direct impact on its system; changes in load and generation behind-the-meter will be captured at this point.

20. Further, the judge found that, if standby services are used because the QF shuts down, their effect will appear at the point of interconnection between the UDC and the QF on CAISO's system. Moreover, the judge found that the record shows that this flow of energy, either into the UDC/CAISO system as surplus or into the QF system as net load, is recorded by a single, bi-directional meter, which is used for billing purposes.<sup>22</sup> The judge found, however, that telemetry equipment may be needed at this point of interconnection for reliability reasons. Therefore, the judge found that CAISO is permitted to require QFs that enter into PGAs to install telemetry at the point of interconnection with the UDC for reliability purposes.<sup>23</sup>

21. As to scheduling generation and load, the judge concluded that CAISO had not demonstrated that scheduling behind-the-meter load is necessary for reliability purposes or that gross scheduling of such loads is necessary to properly allocate to such loads their share of real tie Energy charges and credits.<sup>24</sup> Further, the judge observed that the California Grid has operated reliably without any scheduling of load and generation behind the site boundary meter for over twenty years and that the UDC has the obligation to procure additional

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<sup>22</sup>96 FERC at 65,140 citing Exhibits CAC-2 at 11-12; CAC-4.

<sup>23</sup>96 FERC at 65,140.

<sup>24</sup>Id.

energy to cover a QF generator outage. Therefore, the judge concluded that it is not just and reasonable to require QFs that enter into PGAs to gross schedule generation and load.<sup>25</sup>

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<sup>25</sup>Id.

22. Finally, the judge determined whether CAISO's gross metering, scheduling and ancillary services allocation proposal discriminate against QFs vis-\_-vis non-QF customers based on whether there is an undue rate difference between QFs and other customers.<sup>26</sup> The judge ruled that there will be an unjustified rate disparity if CAISO looks to the gross loads of large QFs since it was previously found that the QFs already pay a standby charge to the UDC to backup the gross behind-the-meter loads. Because the CAISO treats the QFs on an equal basis with retail customers (those without behind-the-meter loads), only net loads of QFs must be considered. The judge concluded that, otherwise, the QFs will end up paying for both standby service to the UDC and costs to the CAISO for services based upon the gross load.<sup>27</sup> Thus, the judge concluded that it is discriminatory vis-a-vis other customers if the CAISO does not permit metering, scheduling, and cost allocation of ancillary services on a net basis for QFs.<sup>28</sup>

### **Issue 3: Dispatching and Outages Issues**

23. First, the judge did not find the requirement of the PGA that QFs abide by CAISO Tariff provisions regarding CAISO's ability to dispatch or curtail generation to be unjust and reasonable. However, the judge did find, on balance, that incorporating the provisions of the CAISO Tariff in a QF-specific PGA is a better outcome of this issue.<sup>29</sup> Second, the judge concluded, with respect to the application to QFs of CAISO Tariff provisions regarding outages scheduling, that CAISO has authority to coordinate and control generation outage schedules for resources under PGAs.<sup>30</sup> Third, the judge found that the application through the PGA of the penalties set forth in the CAISO Tariff are not necessary.<sup>31</sup>

### **Issue 4: Issues Related to Contract Terms and Conditions**

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<sup>26</sup>96 FERC at 65,142.

<sup>27</sup>Id.

<sup>28</sup>96 FERC at 65,142-43.

<sup>29</sup>96 FERC at 65,143.

<sup>30</sup>96 FERC 65,145, citing 95 FERC at 62,550-51.

<sup>31</sup>Id.

24. With respect to termination, the judge considered: (1) whether is it just and reasonable for a QF to seek Commission approval and/or CAISO approval to terminate a PGA; and (2) whether, if Commission approval is required, the PGA must require that CAISO not protest or otherwise object to a QF's request to terminate its PGA in a Commission proceeding related to the termination.

25. The judge found that the QF does not have to file a notice of termination but that CAISO is required to file such a notice consistent with Section 205 of the FPA and case law.<sup>32</sup> Thus, the judge ruled that it is just and reasonable for CAISO to require that the Commission approve the termination of any PGA entered into by a QF.<sup>33</sup> The judge also found that it is not just and reasonable for a QF-specific PGA to require that the CAISO not protest or otherwise object to a QF's request to terminate its PGA in a Commission proceeding related to the termination.<sup>34</sup>

26. Next, the judge addressed the issues of: (1) whether the provision of the PGA that states that CAISO's Tariff will control in the case of conflict between CAISO's Tariff and the PGA is just and reasonable; and (2) whether it is just and reasonable for CAISO to have the unilateral ability to amend CAISO Tariff's requirements that are incorporated into the PGA by amending the CAISO Tariff pursuant to Section 205 rights under the Federal Power Act.

27. CAC argued that it is a significant concern for QF cogenerators that: (1) the CAISO Tariff will control in case of a conflict between the Tariff and an executed PGA; and (2)

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<sup>32</sup>96 FERC at 65,146, citing Pacific Gas and Electric Co., 81 FERC ¶ 61,320 (1997) at 62,473-74.

<sup>33</sup>Id.

<sup>34</sup>96 FERC at 65,147.

the amendments to CAISO's tariffs and protocols would supercede the terms of an executed contract. The judge found that the provisions in a PGA stating that CAISO's Tariff will control in the case of conflict between the CAISO Tariff and the PGA is just and reasonable as applied to QFs.<sup>35</sup> In addition, the judge found that it is just and reasonable for the CAISO to have the ability to amend the CAISO Tariff requirements that are incorporated into the PGA by amending the CAISO Tariff pursuant to its Section 205 rights under the FPA.<sup>36</sup>

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<sup>35</sup>Id.

<sup>36</sup>Id.

28. Finally, the judge considered whether it is just and reasonable, in the absence of a provision that nothing in the PGA or CAISO's Tariff be construed as a waiver of any rights of QFs under federal or state law or a waiver of any rights under existing Power Purchase Agreements (PPAs) such that CAISO must honor existing PPAs. On balance, the judge concluded it is just and reasonable that the PGA should recognize that the execution of a PGA does not deprive a QF of any unexpressed legal right either under law or under an existing power purchase agreement.<sup>37</sup>

### **Briefs On and Opposing Exceptions**

29. On exceptions, CAC argues that the Commission needs to reverse the judge's findings that CAISO's Tariff would control over conflicting provisions with the QF PGA; that CAISO shall have the unilateral ability to amend CAISO Tariff requirements that are incorporated into the PGA by amending the CAISO Tariff pursuant to its FPA section 205 rights; and that the CAISO Tariff's definition of "system emergency" suffices CAC's concerns over CAISO's exercise of control over QF generation for economic emergencies and market manipulation.

30. SoCal Edison argues that the judge erred in not requiring a QF to submit advanced notice to the UDC, with which it has a PPA, of its intention to enter into a PGA and to submit its operating instructions to the UDC. SoCal Edison asserts that such advanced notice is necessary if the QF attempts to sell its excess output to a third party, in contravention of the PPA, and in the event the QF's operating instructions conflict with the UDC's PPA obligations.

31. CAISO argues that the Initial Decision should be reversed in all respects except that: (1) the terms of CAISO's Tariff should prevail over the terms of a QF PGA and that CAISO should have authority to amend CAISO's tariff as it applies to QFs through the QF PGA; and (2) a QF PGA would be just and reasonable in the absence of a provision requiring notice to a UDC of contractual arrangements between CAISO and a QF.

32. Commission Staff opposes the judge's findings that: (1) WSCC's reliability criteria do not require CAISO to provide operating reserves for QFs' gross loads and that CAISO may not charge for such reserves; (2) it is unjust and unreasonable to require QFs that enter into PGAs to gross meter generation and behind-the-meter loads; and (3) it would be discriminatory if CAISO did not permit metering, scheduling and cost allocation of ancillary services on a net basis for QFs. Commission Staff also opposes CAC's exceptions to the Initial Decision.

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<sup>37</sup>Id.

33. CAC and SoCal Edison oppose exceptions to the Initial Decision proposed by CAISO and Commission Staff.

## **Discussion**

### **Procedural Matters**

34. On October 1, 2001, WSCC filed a motion to intervene out-of-time accompanied by a Brief on Exceptions in Docket Nos. ER98-997-000 and ER98-1309-000. CAC and SoCal Edison filed answers opposing WSCC's motion to intervene out-of-time. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, entities seeking late intervention in a Commission proceeding must demonstrate good cause warranting such action.<sup>38</sup> We have routinely denied motions to intervene in a proceeding in order to prevent "unjustified delay and disruption of the proceeding," and "an undue burden on other parties."<sup>39</sup> We will deny WSCC's motion to intervene out-of-time and its accompanying Brief on Exceptions. WSCC has not alleged extraordinary circumstances which would warrant granting its untimely motion to intervene at this late date (after the hearing, the close of the record, and the issuance of the Initial Decision).

35. On October 4, 2002, SoCal Edison filed a motion to lodge, in Docket No. ER98-997-000, et al., a letter order, issued on September 4, 2002, pursuant to delegated authority, in Docket Nos. ER02-2297-000 and ER02-2298-000. In addition, SoCal Edison filed a motion to

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<sup>38</sup>18 C.F.R. §§ 385.214(b)(3), 385.214(d)(1) (2003).

<sup>39</sup>Southern Company Services, Inc., 96 FERC ¶ 61,168 at 61,758 & n.5 (2001), citing 18 C.F.R. §§ 385.214(d)(1)(ii), 385.214 (d)(1)(iv) (2001); accord, ISO New England, 90 FERC ¶ 61,053 at 61,224 (2000); PJM Interconnection, L.L.C., 88 FERC ¶ 61,039 (1999). See generally Power Company of America v. FERC, 245 F.3d 839, 843 (D.C. Cir. 2001); City of Orville, Ohio v. FERC, 147 F.3d 979, 988-992 (D.C. Cir. 1998).

intervene out-of-time in Docket Nos. ER02-2297-000 and ER02-2298-000, and a request for rehearing of the September 4, 2002 letter order. We do not find good cause to allow SoCal Edison's motion to intervene out-of-time and rehearing request in Docket Nos. ER02-2297-001 and ER02-2298-001, and therefore, deny SoCal Edison's motion and rehearing request.

### **Commission Determination**

36. The Commission finds, having reviewed the Initial Decision, the record and the parties' briefs, that issues raised by the parties were properly resolved by the Initial Decision.

37. Consistent with the Initial Decision, we will require CAISO to file a pro forma QF-specific PGA that includes the Initial Decision's findings. In accordance with Order No. 2001, CAISO need not file PGAs with the Commission if those agreements are consistent with the pro forma QF PGA.<sup>40</sup> However, if a PGA does not precisely match the pro forma QF PGA, or if the QF PGA is unexecuted, CAISO must file it individually for Commission approval.<sup>41</sup>

38. CAISO and Commission Staff dispute the judge's finding that the UDC (here, SoCal Edison), through standby service, provides the necessary ancillary services for QF behind-the-meter loads, thereby satisfying WSCC reliability requirements with respect to those loads.<sup>42</sup> SoCal Edison states that, although its standby service is not a substitute for operating reserves, the standby service eliminates the need to consider gross behind-the-meter firm load.<sup>43</sup> SoCal Edison states that, under its standby service contract with a QF, it would procure energy to serve the behind-the-meter retail loads not served by their on-site generators in that particular hour (i.e., SoCal Edison's standby load).<sup>44</sup> Thus, explains SoCal Edison, for a particular hour in a typical day, it forecasts that 20 percent of on-site

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<sup>40</sup>See Revised Public Utility Filing Requirements, Order No. 2001, 67 Fed. Reg. 31,043, FERC Stats. & Regs. ¶ 31,127 at 30,142 (2002); reh'g denied, Order No. 2001-A, 100 FERC ¶ 61,074 (2002); reconsideration and clarification denied, Order No. 2001-B, 100 FERC ¶ 61,432 (2002); Order No. 2001-C, 101 FERC ¶ 61,314 (2002).

<sup>41</sup>See id.

<sup>42</sup>CAISO Brief on Exceptions at 27-36; Commission Staff Brief on Exceptions at 9-11.

<sup>43</sup>SoCal Edison Brief Opposing Exceptions at 27.

<sup>44</sup>Id. at 28.

generation serving QF behind-the-meter loads in its service territory is unavailable and, thus, needs to be served by SoCal Edison. Based on this forecast of standby load, SoCal Edison then procures 7 percent of operating reserves for this load. Accordingly, SoCal Edison asserts that the gross behind-the-meter load need not be treated as firm load, since it has already provided sufficient energy to serve the behind-the-meter load that is reasonably expected to appear on the system due to QF generation being forced off-line.<sup>45</sup>

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<sup>45</sup>Id. at 30, citing Tr. 467-468.

39. WSCC witness Comish acknowledged that, since the inception of the implementation of PURPA, QF facilities have typically used net metering,<sup>46</sup> and he knew of no major system upsets or disturbances.<sup>47</sup> In addition, WSCC witness Comish knew of no actual violations by SoCal Edison of WSCC's control performance standards 1 and 2 and the disturbance control standard.<sup>48</sup>

40. We affirm the judge's finding that the long-standing practice in the CAISO control area of scheduling, metering and procuring reserves on a net load basis should be permitted to continue, so long as a QF has contracted for standby service with a UDC, i.e., a contract that provides for the immediate replacement of energy in case of the QF's forced outage. The record indicates (and SoCal Edison represents) that by contract with a QF, a UDC will provide standby service and operating reserves if there is a forced QF outage.<sup>49</sup>

The Commission orders:

(A) The Initial Decision in this proceeding is hereby affirmed, as discussed in the body of this order.

(B) Within 60 days from the date of issuance of this order, we direct CAISO to file a pro forma QF-specific PGA that incorporates the Initial Decision's findings.

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<sup>46</sup>See Tr. 90.

<sup>47</sup>See Tr. 110.

<sup>48</sup>See Tr. 148-149.

<sup>49</sup>See, e.g., Tr. 449-50 (Minick); Tr. 564-66 (Ballard); CAC Brief Opposing Exceptions at 15-16; SoCal Edison Brief Opposing Exceptions at 27-30.

(C) WSCC's motion to intervene out-of-time in Docket Nos. ER98-997-000 and ER98-1309-000 is denied, as discussed above.

(D) SoCal Edison's motion to intervene out-of-time and request for rehearing in Docket Nos. ER02-2297-001 and ER02-2298-001 are denied, as discussed above.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.