91 FERC ¶ 61,341
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;
William L. Massey, Linda Breathitt,
and Curt Hébert, Jr.

California Independent System Operator Corporation — Docket No. ER00-1239-001

ORDER ACCEPTING COMPLIANCE FILING

(Issued June 30, 2000)

In this order, we accept, subject to one further modification, a compliance filing submitted by the California Independent System Operator Corporation (California ISO or ISO) pursuant to the Commission’s order issued in this proceeding on March 29, 2000, California Independent System Operator Corporation, 90 FERC ¶ 61,316 (2000) (March 29 Order).

Background

In the March 29 Order, the Commission accepted various amendments (Amendment No. 25) to the ISO's Tariff, but required revisions to several provisions. The Commission directed the ISO to: (1) eliminate the proposed shorter time period for publishing certain data; and (2) clarify the procedures and provide for reimbursing Participating Transmission Owners for costs associated with the cancellation or rescheduling of planned transmission outages.

Compliance Filing

On April 28, 2000, the ISO submitted revisions to: (1) Section 20.3.4 of the Tariff eliminating a provision allowing market data to be released on shortened time periods; (2) Section 2.3.3.6 of the Tariff, as well as to Section 3.2.3 of the Outage Coordination Protocol (OCP), to define the term "unduly significant market impacts"; (3) Section 2.3.3.6 of the Tariff to reflect the continued applicability of Sections 2.3.3.6.1 and 2.3.3.6.2; and (4) add Sections 2.3.3.6.3 and 2.3.3.6.4 to the Tariff, and make changes to Section 3.2.3 of the OCP, to provide for compensation for costs incurred by Participating Transmission Owners (TOs) in rescheduling maintenance outages.

Notice and Interventions

Notice of the ISO's compliance filing was published in the Federal Register, 65 Fed. Reg. 31,163 (2000), with comments, protests and motions to intervene due on or before May 19, 2000. The Western Area Power Administration (WAPA) filed a protest. The Modesto Irrigation District (MID), the Transmission Agency of Northern California (TANC), the Metropolitan Water District of Southern California (MWD), and the City of Redding, California, the City of Santa Clara, California, and M-S-R Public Power Agency (collectively, Cities/M-S-R) filed comments.

The protest and comments claim that the ISO's filing does not fully comply with the Commission's order in several respects, which will be discussed below. On June 5, 2000, the ISO filed an answer.[1]

Discussion

As discussed below, we find that the instant filing complies with the March 29 Order in most respects. The first issue involves the definition of verifiable direct costs which will be subject to reimbursement when scheduled maintenance outages are canceled. Proposed Section 2.3.3.6.3 states in part:

> The ISO will compensate the applicable Participating TO for any direct and verifiable costs . . . For purposes of this section, direct costs include verifiable labor and equipment rental costs that have been incurred by the applicable Participating TO solely as a result of the ISO's cancellation of the Approved Maintenance Outage.

MID, TANC, MWD, and Cities/M-S-R agree with the ISO that reimbursable costs should be direct and verifiable costs. However, they complain that the ISO's proposed tariff language limits direct and verifiable costs to "verifiable labor and equipment rental costs." WAPA contends that the direct costs should include any contractor charges and other costs. The Cities/M-S-R request that the limiting language (labor and equipment rental costs) be removed from the second sentence of Section 2.3.3.6.3 or that the ISO include additional appropriate classes of costs which would be reimbursable.

[1]The Commission's Regulations do not permit answers to protests, 18 C.F.R. § 385.213, but since the arguments made in the single protest are similar to arguments made in comments, and since the ISO's answer has assisted us in the resolution of the matter, we will accept the answer.

In its answer, the ISO explains that the first sentence of Section 2.3.3.6.3, as submitted in the compliance filing, provides that "[t]he ISO will compensate the applicable Participating TO for any direct and verifiable costs..." The second sentence of Section 2.3.3.6.3 merely identifies examples of the types of direct costs for which compensation may be available. The ISO contends that the use of the word "include" makes it clear that this is not supposed to be an exclusive list of the direct and verifiable costs referenced in the first sentence. We believe that the proposed revision does reflect the ISO's explanation of it, and it is sufficiently clear and complies with the March 29 Order and the ISO's commitment. None of the commenters' proposed modifications materially improves the Tariff language. Accordingly, no further revisions are required.

Commenters argue that the ISO's proposal improperly limits compensation for costs incurred only by Participating TOs and only for cancellation by the ISO of an Approved Maintenance Outage. The ISO answers that its authority to direct outage cancellations under the Tariff does not apply to TOs of facilities that are not a part of the ISO Controlled Grid, i.e., non-Participating TOs, and does not apply to outages that are not Approved Maintenance Outages, because Amendment No. 25 only gives it authority to cancel an Approved Maintenance Outage of a Participating TO.

We find that the references to the phrases "Participating TO" and "Approved Maintenance Outage" in Sections 2.3.3.6.3 and OCP 3.2.3, as revised by the instant compliance filing, are consistent with the March 29 Order, because the revisions address only the ISO's authority to direct the Operator of facilities forming part of the ISO Controlled Grid [i.e., a Participating TO] to cancel an Approved Maintenance Outage.

To the extent that some parties seek compensation for canceled maintenance outages that have not been approved by the ISO or for non-Participating TOs costs, these parties are raising issues that go beyond the scope of the instant compliance filing. Consequently, we accept the ISO's proposal in this regard, and no modification is needed.

MWD does not object to the basic approach for allocating costs to Scheduling Coordinators in proportion to their metered Demand, but does request two modifications to the provision. First, MWD contends that the ISO should allocate such costs based on the metered Demand "during the Settlement Periods" of the originally scheduled transmission outage. Second, MWD objects to the ISO's proposal to allocate outage cancellation costs to all Scheduling Coordinators if the cancellation of the scheduled transmission outage is caused by a localized problem within one or two Zones.

In its answer, the ISO responds that the allocation of outage cancellation costs should be to all Scheduling Coordinators in proportion to their metered Demand in the

Settlement Periods that the outage was expected to have occurred. The ISO explains, however, that the Settlement Periods concept is already adequately reflected in the ISO's original filings in Docket No. ER00-1239-000. [2] Further, the ISO does not agree that the allocation of outage cancellation costs should be limited to only those Scheduling Coordinators in the Zone where the transmission outage was to occur. The ISO argues that it may be difficult to determine if the reliability needs or unduly significant market impacts necessitating the cancellation of an outage were due to factors limited to a particular Zone. In addition, the ISO explains that the entire system, and not just the Scheduling Coordinators for a single Zone, is likely to benefit from a cancellation if a situation arises where the ISO must direct that an Approved Maintenance Outage be canceled. This is because, as a result of the outage cancellation, the system will operate in its normal configuration and all Scheduling Coordinators will submit their Preferred Day-Ahead Schedules based on that expectation.

We find that the ISO's explanation with regard to the issue of allocating outage cancellation costs to all Scheduling Coordinators is satisfactory. As to the other issue, the ISO agrees with the principle that the allocation of outage cancellation costs should be to all Scheduling Coordinators in proportion to their metered Demand in the "Settlement Period(s)" that the outage was expected to have occurred. Nevertheless, the proposed Section 2.3.3.6.4 does not contain the Settlement Period(s) concept. Consequently, we will require the ISO to modify the section, as follows, specifically reflecting the concept:

> The amount used to compensate each applicable Participating TO, as described in Section 2.3.3.6.3, shall be charged to the Scheduling Coordinators in proportion to their metered Demand (including Exports) during the Settlement Period(s) of the originally scheduled transmission outage.

Lastly, MWD argues that the proposed definition of "unduly significant market impact" in Section 2.3.3.6 and in OCP Section 3.2.3 is still ambiguous, not defined, and too broad. MWD states that, instead of providing objective criteria for the ISO's cancellation of an Approved Maintenance Outage, the ISO chose to define "unduly significant market impact" by describing the cause of the impact, e.g., unreasonable

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[2] In its Amendment No. 25 Answer, the ISO explained that such costs would be allocated to "participants in the ISO's markets during the period for which the outage has been scheduled."

weather, a forced outage of a facility, or other occurrence that adversely affects the competitive nature and efficient workings of the ISO markets.

In its answer, the ISO states that its proposed definition includes a list of occurrences (unseasonable weather, a forced outage of a facility, or other occurrence) that might result in such an impact, and such list of occurrences was provided by it in its Answer in Docket No. ER00-1239-000. Further, the ISO disagrees with MWD that it has made no attempt to define the impact itself. The ISO contends that MWD ignores that the ISO does include a standard for the impact in its definition, i.e., "an unplanned event or circumstance...that adversely affects the competitive nature and efficient workings of the ISO markets, and is of such severity that a prudent transmission operator would not have scheduled a transmission maintenance outage of its facility if the unplanned event or circumstance could have been anticipated."

In the March 29 Order, the Commission specifically required the ISO to include in the tariff as a defined term the definition of "unduly significant market impacts." Further, in the March 29 Order, the Commission stated its expectation that "...the definition contain specific criteria, e.g., using the example enumerated in the ISO's answer, p. 7." [1] Although the definition may still contain some subjective criteria, we believe it now contains adequate specificity. Therefore, we agree with the ISO's explanation that the proposed definition complies with the Commission's directive, and no modification is required.

The Commission orders:

(A) The ISO's compliance filing is hereby accepted, subject to the modifications required herein, effective March 27, 2000.

(B) The ISO is hereby directed to submit revised tariff sheets as discussed in the body of this order within 30 days of the order issuance.

[1] 90 FERC at 62,051, n. 20.

(C) The ISO is hereby informed that rate schedule designations will be supplied in a future order. Consistent with our prior orders, the ISO is hereby directed to promptly post the proposed tariff sheets as revised in this order on the Western Energy Network.

By the Commission.

(S E A L)

David P. Boergers,
Secretary.