

**Comments of the Transmission Agency of Northern California
On the ISO's Draft "Clarifications Tariff Filing"**

Pursuant to the California Independent System Operator's ("ISO") November 9, 2010 Market Notice, the Transmission Agency of Northern California ("TANC") submits the following comments on the proposed "Tariff Clarifications Filing."

1. Business Practice Manual ("BPM") Proposed Revision Request ("PRR") Impact Analysis

Currently, Section 22.11.1.1 of the ISO's Tariff (BPM Proposed Revision Request Submittal), provides that the ISO will perform a BPM PRR impact analysis on BPM revisions that are proposed by "CAISO management." A BPM PRR impact analysis is supposed to assess the impact of the proposed revision request on "CAISO computer systems, CAISO operations, the CAISO market, market participants, or business functions." See 122 FERC ¶ 61,271 at P 75 (2008). FERC accepted the ISO's commitment to engage in such analyses on revisions that are categorized as "Category B" revisions, which are "revisions of substantial significance or revisions that require changes to CAISO or Market Participants' systems." *Id.* at P 88. The ISO also committed, in Section 22.11.1.8, to prepare BPM PRR impact analyses for "urgent" BPM PRR requests.

The ISO now proposes to delete the requirement in Section 22.11.1.1 to prepare a BPM PRR impact analysis for BPM PRRs submitted by the ISO management. The ISO also proposes to revise Section 22.11.1.4 to replace the term "will" to "may," thereby making it an option for the ISO to prepare such an analysis for Category B revisions. Finally, the ISO proposes in Section 22.11.1.8, to delete the commitment to provide impact analyses for "urgent" BPM PRRs. In the matrix, the ISO states it intends that the BPM PRR impact analysis will only be prepared "when needed," and to conform the Tariff to "the ISO's current business practice."

TANC is concerned that the ISO's current business practices do not comport with the ISO's Tariff obligations in this regard. In addition, the proposed tariff revisions do not clarify when the ISO believes BPM PRR analyses would be "needed." Consistent with FERC's March 28, 2008 Order, the ISO should maintain the current tariff language requiring the ISO to prepare BPM PRR impact analyses for the Category B PRRs.

2. Use of the undefined term "constraints"

The ISO proposes to revise the term "Constraints," with the undefined term "constraints" in various provisions of the ISO Tariff. In the following instances, however, TANC requests that the ISO provide clarification or modification of the tariff provisions for the reasons specified below:

(a) Section 27.5.1.1 (Base Market Model used in the CAISO Markets): The ISO proposes to provide that "For portions of the Base Market Model that are external to the CAISO Balancing Authority Area, the CAISO Markets only enforce network constraints that reflect limitations of the transmission facilities and Entitlements turned over to the Operational Control of the CAISO by a Participating Transmission Owner, or that affect Congestion Management within the CAISO Balancing Authority Area or on Interties.}". Since the term

“network constraints” is not defined, the ISO should clarify the types of constraints it is proposing to enforce “on the Interties”.

(b) Section 27.5.3 (Integrated Balancing Authority Areas (“IBAA”)): The ISO proposes to provide, “The CAISO monitors but does not enforce the network ~~c~~constraints for an IBAA in running the CAISO Markets Processes.” Since the term “network constraints” is not defined, the ISO should make clear in this Section that “Transmission Constraints” are among the constraints it will not enforce for an IBAA. The ISO should also specify whether it plans on enforcing any types of constraints for an IBAA, and if it does plan on enforcing any constraints, the ISO should indicate the authority it has to do so.

(c) Section 27.4.3.1 (Scheduling Parameters for Transmission Constraint Relaxation): Clarification is warranted as to whether the undefined reference to “constraint” in the second to last sentence should instead refer to “Transmission Constraint.” Clarification is also warranted as to whether the reference to “constrained transmission facility” is synonymous with “Transmission Constraint.”

(d) Section 31.3.1.3 (Reduction of Self-Scheduled LAP Demand): The ISO proposes to revise this Section as reflected in strikethrough and underline, as follows: “In the [Integrated Forward Market (“IFM”)], to the extent the market software cannot resolve a non-competitive ~~Transmission~~ ~~c~~constraint utilizing Effective Economic Bids such that ~~S~~self-Scheduled Load at the LAP level would otherwise be reduced to relieve the ~~c~~constraint, the CAISO Market software will adjust Non-priced Quantities in accordance with the process and criteria described in Section 27.4.3. For this purpose the priority sequence, starting with the first type of Non-price Quantity to be adjusted, will be: . . . (b) Relax the ~~c~~constraint consistent with Section 27.4.3.1. No ~~c~~constraints on Interties with adjacent Balance [sic] Authority Areas will be relaxed in this procedure.” (Emphasis added in bold).

Thus, in this Section, the ISO proposes to use the undefined term “constraints” in the four instances highlighted in bold above. The ISO’s proposal to use the undefined term “constraint” in the first instance appears to be a typographical error, as the ISO’s intent appears to be to use a capital “c” when it refers to “Transmission Constraints.” The ISO should clarify or revise the reference to “constraint” in that regard. The second reference to the undefined term “constraints,” also appears to not follow the intent in the first reference to refer to “Transmission Constraints,” and appears inconsistent with the cross-referenced Section 27.4.3, which refers to relaxing “internal Transmission Constraints.” The ISO should clarify or modify its proposal in that regard. The third reference to “constraint” should also be explained given that Section 27.4.3.1, which is cross-referenced refers to “internal Transmission Constraints.” For the last sentence in that section, given that the undefined term “constraints” is defined, the ISO should consider revising the sentence so that it reads, “No constraints, including Transmission Constraints, on the Interties with adjacent Balancing Authority Areas will be relaxed in this procedure.”

(e) Appendix A, Definition of “Delivery Network Upgrades”: Since this term is currently defined in the Tariff as, “Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection

Studies to relieve Constraints on the CAISO Controlled Grid,” and the proposed term “constraints” is not defined, the ISO should clarify the types of constraints this definition encompasses.

(f) Appendix A, Definition of “Transmission Constraints Enforcement Lists”: TANC notes that this term does not appear in the most recent version of the ISO Tariff posted on the ISO’s website. In addition, since the ISO is proposing to do away with the term “Constraint” in the Tariff, the ISO should clarify the meaning of the term “Constraint” in the following sentence of that proposed definition: “The definition of the Constraint includes the individual elements that constitute the Transmission Constraint.”

(g) Appendix L, Section L.1.3 (Operating Transfer Capability (“OTC”)) and Appendix L, Section L.4 (Total Transfer Capability (“TTC”)-OTC Determination): Appendix L pertains to the method of assessing Available Transfer Capability (“ATC”). In Section L.1.3 of this Appendix, the ISO propose to revise the provision as follows: OTC “is the TTC reduced by any operational Constraints caused by seasonal derates or Outages. . . .” In Section L.4 of this Appendix, the ISO proposes to revise the provision, in pertinent part as follows: “The process for developing TTC or OTC is the same with the exception of inclusion or exclusion of operating Transmission Constraints based on system conditions being studied. Accordingly, further description of the process to determine either OTC or TTC will refer only to TTC.” The ISO should clarify the reasons for referring to the undefined term “constraints” in Section L.1.3 given that it proposes to use the defined term “Transmission Constraints” in Section L.4.

Given the short timeframe that has been provided for review and comment of the numerous proposed Tariff Clarifications, TANC reserves the right to submit additional comments on the ISO’s instant initiative in further comments.