

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

**California Independent System Operator
Corporation**

**Docket Nos. ER10-1401-001
ER10-2191-001
ER11-2705-000
ER11-2705-001**

**MOTION OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION
FOR EXTENSION OF TIME FOR COMPLIANCE FILING**

Pursuant to Rules 212 and 2008 of the Federal Energy Regulatory Commission's (Commission's) Rules of Practice and Procedure, 18 C.F.R. §§385.212 and 385.2008 (2006), the California Independent System Operator Corporation (CAISO) hereby moves for an extension of the time to December 2, 2011, for submitting the compliance filing directed by the Commission in its October 20, 2011, Order on Motions for Clarification, Requests for Rehearing, Motion to Lodge and Compliance Filing¹ (Compliance Order) regarding the CAISO's revised transmission planning process (RTPP).² This brief extension is necessary in order for the CAISO to complete its development of a methodology that will enable the CAISO to identify the level of incidental economic or public policy benefits produced by reliability projects. The requested extension will not delay any of the milestone dates in the current 2011/2012 transmission planning cycle.

I. Background

On December 16, 2010, the Commission conditionally approved tariff language implementing the CAISO's proposed revisions to its transmission planning process,

¹ *Cal. Indep. Sys. Operator Corp.*, 137 FERC ¶61,062 at Ordering Paragraph (E) (2011).

² CAISO June 4, 2010 RTPP Proposal, Docket No. ER10-1401-000.

subject to a tariff compliance filing.³ Among other tariff modifications, the Commission directed the CAISO to modify tariff section 24.4.6.2 as follows in paragraph 60 of the RTPP Order:

...CAISO further clarifies in its pleadings that if a transmission upgrade solves a reliability problem while simultaneously providing additional benefits, the project would no longer fall within the narrow definition of a reliability project for which a PTO would have the exclusive right to build. We note that such language is not included in section 24.1.2 of CAISO's existing tariff or RTPP proposed tariff section 24.4.6.2. Because this is an important distinction, we direct CAISO to make a compliance filing within 30 days of issuance of this order. Consistent with CAISO's pleadings, the compliance filing should include language to clarify that if a transmission upgrade solves a reliability problem while simultaneously providing additional benefits, the project would no longer fall within the narrow definition of a reliability project. Additionally, the compliance filing should include tariff language addressing how CAISO will identify the existence of such additional benefits.

At paragraph 71, the Commission directed CAISO to make the same modifications to section 24.4.6.4 with respect to economic or policy-driven benefits produced by projects needed to maintain the feasibility of congestion revenue rights.

On January 19, 2011, the CAISO submitted motion for clarification of the language in paragraph 60 and 71 as it pertained to the proposed tariff language.⁴ In the motion for clarification, the CAISO noted that, in the initial post technical conference comments filed on September 8, 2010, and upon which the Commission had relied, the CAISO had explained that reliability projects are very narrowly limited to projects intended to resolve identified reliability needs and that additional costs would need to be incurred for such a project to realize additional non-reliability benefits.⁵ At a later point in the comments, the CAISO stated that "reliability projects are limited to projects that

³ *Cal. Indep. Sys. Operator Corp.*, 133 FERC ¶61,224 (2010) (RTPP Order).

⁴ CAISO January 19, 2011 Compliance filing.

⁵ CAISO Motion for Clarification, ER10-1401-001, 3-4.

meet reliability needs; they cannot be expanded to cover economic or public policy elements.”⁶ The CAISO argued that the Commission’s language in RTPP Order paragraphs 60 and 71 seemed to suggest that a reliability project providing a minute level of economic or policy-driven benefits, no matter how narrowly limited to meet a reliability need, could be transformed into an economic or policy-driven project that would be subject to the CAISO’s competitive solicitation process, contrary to the language from the CAISO’s pleadings cited above.

Thus, the CAISO sought confirmation from the Commission that the intent of paragraphs 60 and 71 was to affirm the explanation provided by the CAISO in the post technical conference comments and direct the CAISO to add such explanation to its tariff. To that end, as part of the tariff compliance filing also submitted on January 19, 2011, the CAISO proposed to add the following language to sections 24.4.6.2 and 24.4.6.4:

If a transmission addition or upgrade required to [ensure System Reliability or maintain the feasibility of long-term CRRs] provides other benefits without any expansion of its scope to explicitly include such benefits, such transmission addition or upgrade will retain its categorization as a reliability project.

In the Compliance Order the Commission denied the CAISO’s request for clarification and rejected the proposed language, stating that the difference between a project that provides only reliability (or CRR) benefits and a project that “simultaneously” provides economic or policy-driven benefits is an important distinction that was not addressed by the proposed tariff language. The Commission again directed the CAISO to comply with paragraphs 60 and 71 of the RTPP Order.⁷

⁶ *Id.*, 4.

⁷ Compliance Order, ¶20.

II. Extension Request

The test that the CAISO had originally contemplated for determining when a project would no longer be narrowly categorized as a reliability or CRR project did not require any studies or evaluation beyond that already completed as part of the decision to include the project in the transmission plan. A reliability project would become subject to competitive solicitation when the scope and costs of a project that had been identified as the most cost effective solution for a reliability or long-term CRR need were deliberately enhanced to produce additional economic or policy-driven benefits.

It is a more complicated task, however, to determine when a reliability or CRR project whose scope and costs are not enhanced produces a sufficient degree of unanticipated economic or policy benefits that – consistent with the Compliance Order – warrant its removal from the narrow category of reliability projects. The CAISO must develop a metric that will distinguish reliability or CRR projects that could be viewed as providing an uncertain or miniscule amount of economic or policy-driven benefits and therefore should retain their categorization as reliability projects, from those that provide clear, certain and demonstrable benefits that should be reclassified and open to competitive solicitation according to the terms of the tariff, as well as a study methodology for calculating and applying that metric. Developing this study methodology has been time consuming, particularly because the CAISO's engineering resources are devoted to completing the necessary studies for the 2011/2012 planning cycle. In addition, the current November 21, 2011, compliance date falls during a holiday week, which makes it more difficult to schedule the time needed to complete this task. The requested extension to December 2 simply provides some additional days to

complete the study methodology development and draft tariff language that describes that process for distinguishing additional benefits. As noted above, this extension will not delay the 2011/2012 planning cycle milestone dates, including the release of the draft transmission plan in January 2012. The CAISO's believes that a short extension is reasonable under the circumstances and should be granted.

III. Conclusion

For the reasons discussed above, the CAISO requests that the Commission grant an extension of the time to December 2, 2011, for submitting the compliance filing directed by the Commission in the Compliance Order.

Respectfully submitted,

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Dated: November 17, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2011).

Dated at Folsom, California this 17th day of November, 2011.

Is/ Anna Pascuzzo

Anna Pascuzzo