

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

Pacific Gas and Electric Company,)
San Diego Gas & Electric Company,)
Southern California Edison Company) Docket No. QM11-2-000

**MOTION TO INTERVENE AND COMMENTS OF THE CALIFORNIA
INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation submits this motion to intervene and comments on the application filed by Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company on March 18, 2011 in this proceeding to terminate their purchase obligation under section 210(m) of the Public Utility Regulatory Policies Act of 1978 for qualifying facilities larger than 20 MW.¹ The ISO supports the applicants' request and urges the Commission to grant this application, consistent with the comments below.

I. COMMENTS

As described in the application, the applicants request that the Commission approve termination of their obligation under PURPA to enter into new contracts or new obligations to purchase electric energy and capacity from QFs with net capacity in excess of 20 MW as part of the terms of the settlement agreement recently entered

¹ This motion and comments are submitted pursuant to Rules 212 and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.214 (2010) and the Combined Notice of Filings issued in this proceeding on March 21, 2011. The ISO is sometimes also referred to as the CAISO.

into among the applicants, cogeneration and combined heat and power QF representatives, and statewide consumer and ratepayer groups. The ISO supported the settlement negotiations among the settling parties, supports the settlement agreement, and supports this application as one of the key elements of the settlement. The settlement includes provisions that will increase the extent of compliance by QFs with the provisions of the ISO tariff. The ISO considers that aspect of the settlement to be of great benefit, and it considers this application and other aspects of the settlement to be of additional overall benefit and to be integral to the successful implementation of the settlement. Consequently, the ISO urges the Commission to grant this application.

The applicants cite the advent of the ISO's day-ahead wholesale energy market implemented in March of 2009 as one of the primary factors forming the basis for their application. As the Commission is aware, this forward energy market was part of an extensive redesign of the ISO's markets, and the Commission accepted the ISO's tariff revisions to implement this market after extensive consideration. The ISO's redesigned markets have now been operating for more than two years, ample time to demonstrate their availability and sufficiency to provide QFs the opportunity to sell their power. The ISO submits that its new forward energy market, in conjunction with the ISO's ancillary services and other markets and the opportunity for bilateral power sales, provides QFs a fully sufficient opportunity to sell their power, and ensures that QFs will suffer no lack of power sales opportunities if the applicants are relieved of their obligation to purchase this power pursuant to PURPA.

As for the ISO's ultimate interest in increasing compliance by QFs with the ISO tariff, the settlement that underlies this application includes standard power purchase agreements that would obligate the QFs entering into them to comply with the ISO tariff. In addition, the California Public Utilities Commission has issued an order specifying that QFs must comply with the ISO tariff going forward.² The ISO tariff requires all generators with units one MW or larger in the ISO balancing authority area, down to generators as small as 500 kW on a voluntary basis, to comply with the ISO tariff, subject to specified exceptions.³ This requirement applies to all QFs other than those operating pursuant to power purchase agreements entered into pursuant to PURPA prior to the establishment of the ISO.⁴ While the ISO tariff includes a special QF Participating Generator Agreement and special provisions applicable to QFs that are subject to the tariff,⁵ the ISO considers the foregoing to require compliance by QFs not otherwise exempt with all the other provisions of the ISO tariff applicable to generators generally. This includes the ISO tariff requirements for interconnection of generating facilities to the ISO controlled grid.⁶

II. MOTION TO INTERVENE

The ISO is a non-profit public benefit corporation organized under the laws of the State of California, with a principal place of business at 250 Outcropping Way, Folsom, CA 95630. The ISO is a balancing authority responsible for the operation of transmission facilities placed under the ISO's operational control pursuant to a

² CPUC D.07-09-040 (2007)

³ ISO tariff sections 4.6 and 4.6.3.1 and the definition of "Participating Generator."

⁴ ISO tariff section 4.6.3.2.

⁵ ISO tariff sections 4.6.3.3 and 4.6.3.4 and appendix B.3.

⁶ See ISO tariff section 25.1 and appendices S, T, U, V, W, Y, Z, BB, and CC.

Transmission Control Agreement between the ISO and participating transmission owners. The ISO conducts markets for energy and ancillary services transactions under the provisions of the ISO tariff.⁷

The application concerns the manner by which power is sold by QFs in the ISO balancing authority area, which may affect the ISO's operations under its tariff. No other party can adequately represent the ISO's interests. Accordingly, the ISO requests the Commission's permission to intervene with full rights of a party.

III. COMMUNICATIONS

Please address all communications concerning this proceeding to the following persons:

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18 C.F.R. § 203(b)(3).

⁷ See, e.g., ISO tariff sections 8, 27, 30, 31, 33, and 34.

IV. CONCLUSION

The ISO respectfully requests that the Commission grant its motion to intervene in this proceeding, allow the ISO to participate in the proceeding with full rights as a party thereto, and grant the relief requested in the application in a manner consistent with the comments filed herein.

Respectfully submitted,

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Dated: April 15, 2011

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 proceeding, 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 15th day of April, 2011, at Folsom, California.

Anna Pascuzzo

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