

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

California Independent System Operator Corporation	Docket No. ER04-445-013 ER04-445-014
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Pacific Gas and Electric Company	Docket No. ER04-443-010
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San Diego Gas & Electric Company	Docket No. ER04-441-010
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Southern California Edison Company	Docket No. ER04-435-018
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(Not Consolidated)

**MOTION OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION FOR LEAVE
TO FILE ANSWERS, AND ANSWERS TO
PROTESTS**

Pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2004), the California Independent System Operator Corporation ("CAISO") hereby files this motion for leave to file answers and answers to protests in the above-referenced dockets. The CAISO believes that additional information would assist the Commission's deliberations with respect to issues raised by the protests. The CAISO therefore requests leave to file an answer, and files its answer, to the protests of the Modesto Irrigation District ("MID") and the Transmission Agency of Northern California ("TANC").¹ As explained below, the protests are without merit and the Commission should accept the CAISO's Large Generator Interconnection Procedures ("LGIP") and

¹ The CAISO requests waiver of Rule 213(a)(2) (18 C.F.R. § 385.213(a)(2)) to permit it to make this answer. Good cause for this waiver exists here because the answer will aid the Commission in understanding the issues in the proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in this case. (See, e.g., *Entergy Services, Inc.*, 101 FERC ¶ 61,251, at 61,886 (2002); *Delmarva Power & Light Company*, 93 FERC ¶ 61,098, at 61,259 (2000).)

pro forma Large Generator Interconnection Agreement (“LGIA”), as filed on November 1, 2005, without modification.

I. STATEMENT OF ISSUES

Pursuant to Rule 203(a)(7) of the Commission’s Rules of Practice and Procedure, as modified by Commission Order No. 663 (FERC Stats. & Regs. (CCH), Regulations Preambles ¶ 31,393 (September 23, 2005), the CAISO hereby provides the following statement of the issues to be decided:

Whether MID’s and TANC’s protests of the CAISO’s November 1 LGIP and LGIA compliance filings should be rejected for lack of merit.

II. INTRODUCTION

On November 1, 2005, the CAISO submitted for Commission approval its revised LGIP² that incorporated a new centralized Interconnection Study process in compliance with the Commission’s July 1, 2005 “Order Accepting in Part and Rejecting in Part Order Nos. 2003, 2003-A, and 2003-B Compliance Filings,” 112 FERC ¶ 61,009 (2005) (“July 1 Order”) and August 26, 2005 “Order Granting Extension of Time and Motion for Clarification and Denying Request Rehearing,” 112 FERC ¶ 61,231 (2005) (“August 26 Order”) (“LGIP compliance filing”). Concurrent with the LGIP filing, the CAISO also filed jointly with affected Participating Transmission Owners (“PTOs”)³ minor changes to the pro forma LGIA necessary to conform to the centralized study process (“LGIA compliance filing” and collectively “compliance filings”). The centralized Interconnection

² Capitalized terms that are not otherwise defined are defined in the Master Definitions Supplement, Appendix A to the ISO Tariff (“ISO Master Definitions Supplement”).

³ The PTOs that have been active in the LGIP / LGIA process have been the FERC-jurisdictional PTOs, Southern California Edison Company (“SCE”), Pacific Gas and Electric Company (“PG&E”), and San Diego Gas & Electric Company (“SDG&E”).

Study process advanced in the compliance filings reflects the outcome of a collaborative stakeholder process involving diverse market participants, including load serving entities, generation owners and developers, and transmission owners.

Only two entities (through a single law firm) filed protests to either the LGIP or LGIA compliance filing - MID and TANC.⁴ Although amorphous, the gravamen of the protests appears to be that the level of participation by the PTOs in the various Interconnection Studies somehow undermines the CAISO's independence or exceeds that permissible under the Commission-ordered centralized study process. MID and TANC are incorrect. Their contentions ignore the fact that the new study process reflected in the LGIP and LGIA compliance filings ensures that all studies for Large Generating Facility interconnections to the CAISO Controlled Grid will be centralized, with the CAISO acting as a single point of contact for the Interconnection Customer. Specifically, the CAISO will execute the Interconnection Study agreements, collect funds, and coordinate, oversee, and, most importantly, approve all aspects of the Interconnection Studies. The CAISO will further examine each Interconnection Request to determine if more than one PTO's service territory is impacted, and, if so, the CAISO will ensure that the relevant Interconnection Study will examine and propose solutions for the entire CAISO Controlled Grid as appropriate. Accordingly, contrary to the contentions of MID and TANC, the compliance filings fulfill both the letter and spirit of the fundamental objectives of

⁴ TANC filed a protest only with respect to the LGIP, while MID filed separate protests to each filing.

the centralized Interconnection Study process mandated by the Commission the July 1 and August 26 Orders.

Notwithstanding the absence of any substantive merit to the protests, the Commission should assign little, if any, weight to the MID and TANC protests in the present context. MID and TANC's interest in the compliance filings is highly attenuated at most. Neither entity claims to have in development, or to contemplate development of, any Large Generating Facilities to be interconnected to the CAISO Controlled Grid. Moreover, MID and TANC both moved their primary transmission assets, and MID its entire electrical system, into the Sacramento Municipal Utility District Control Area as of December 1, 2005. This lack of interest in Interconnection Studies for new Large Generating Facilities interconnecting to the CAISO Controlled Grid may explain MID and TANC's passive participation in the stakeholder process conducted by the CAISO. Neither entity provided the CAISO with comments during the stakeholder process or otherwise alerted the CAISO to its concerns. Given these circumstances, MID and TANC should not be allowed to disrupt the outcome of a stakeholder process that they chose largely to ignore.

Accordingly, the Commission should approve the compliance filings without modification and dismiss the protests of MID and TANC.

III. DISCUSSION

Both TANC and MID allege that the CAISO's compliance filings somehow fail to comply with the Commission's July 1 and August 26 Orders. Yet, neither MID nor TANC make any attempt to evaluate the compliance filings holistically or with any rigor. Rather, the protests myopically attempt to extrapolate purported

deficiencies in the filings by referencing isolated provisions without context or connection to related provisions. As explained below, MID and TANC's haphazard approach fails under minimal scrutiny and is frequently refuted by the very provisions upon which they rely.

A. Protests to the LGIP Are Without Merit and Should be Rejected

MID appears to make three points, equally without merit, with respect to the LGIP. First, MID merely raises a "concern" that LGIP section 4.2, which provides that the CAISO may elect to cluster interconnection requests for study purposes "in coordination with the applicable Participating TO(s)," somehow "actually means a delegation of authority" to the PTOs in contravention of the Commission's orders. (MID LGIP Protest at 7.) MID's reasoning is baseless. The CAISO's unambiguous, unilateral authority to elect whether or not to cluster cannot somehow simply transmute to a delegation to the PTOs to make this determination because of a commitment to coordinate. Moreover, LGIP section 4.2's use of the term "coordination" is wholly consistent with the Commission's directive that the PTOs retain "recommendation" rights.⁵

Second, MID alleges that the LGIP compliance filing fails to comply with the Commission's orders because it "suggests a dual interconnection study process – one which is CAISO-specific, and one which is applicable only to the PTO." (MID Protest at 8.) According to MID, this broad conclusion arises from the fact that Section 3.3.1 of the "Agreement for the Allocation of Responsibilities with Regard to Large Generator Interconnection Procedures and Interconnection Study Agreements" ("Roles and Responsibilities Agreement") permits the PTOs

⁵ August 26 Order at P 22.

to participate in the Interconnection Studies, including performing portions of the studies in accordance with that agreement. This large leap of logic ignores that, consistent with the July 1 and August 26 Orders, a myriad of other provisions in the compliance filings ensure that all studies for Large Generating Facility interconnections to the CAISO Controlled Grid will be centralized, with the CAISO acting as a single point of contact for the Interconnection Customer, i.e., the CAISO will execute the Interconnection Study agreements, collect funds, and coordinate, oversee, and, most importantly, approve all aspects of the Interconnection Studies.

Third, MID reiterates not that the compliance filings fail to conform to the Commission's orders, but only that "there is room for concern," that the centralized study process will not consider CAISO Controlled Grid-wide impacts of an Interconnection Request. (MID Protest at 9.) In fact, there is no room for this concern. MID's sole basis for this contention is its reference to the "Interconnection Feasibility Study Timeline" in Attachment A to the Roles and Responsibilities Agreement that "[a]t the ISO's direction, PTO(s) to prepare draft report for impacts in their service territory." (*Id.*) This reference is found in the section of the timeline relating to "Finalizing Report." However, prior in time to that entry, the CAISO has already examined grid-wide impacts. The "Load Flow" section of the timeline expressly states: "ISO performs Load Flow & prepares summary results of impacted systems (other PTO(s) or Affected Systems) and submits results to impacted systems. Such results may include ISO proposed solutions for mitigation to any violations uncovered in the Load Flow study." (See,

November 1 LGIP Filing, attachment D at Original Sheet 17.) Thus, contrary to the contention of MID, the CAISO will ensure that all potential impacts on the CAISO Controlled Grid will be studied through its responsibility for performing load flow analyses during the Interconnection Feasibility Study. Further, the CAISO will perform the power flow, stability, and post-transient analyses associated with the Interconnection System Impact Study, and recommend solutions where the CAISO determines that impacts to the CAISO Controlled Grid are probable, or still unknown, based on its best engineering judgment. (See, November 1 LGIP Filing, attachment D at Original Sheets 18-19.)

TANC's protest of the LGIP filing is equally devoid of merit or analysis. TANC's exclusive argument is that the compliance filings "fail to preserve the independence the Commission mandated for the CAISO with regard to the centralized interconnection study process." (TANC Protest at 3.) TANC rests this erroneous conclusion on the purported fact that the compliance filings "allocate to the PTOs considerable consent and approval rights regarding the studies and actual interconnection procedures." (*Id.*) TANC does not, and cannot, cite any provision that grants such rights. Indeed, nowhere in the LGIP compliance filing are the PTOs granted consent and approval rights. Rather, TANC cites to the ability of the PTOs to perform certain portions of studies, such as short circuit analyses and detailed engineering designs, as evidence of consent and approval rights. This reasoning is spurious and disregards that the Commission's August 26 Order explicitly found that the PTOs may "participate in the studies, including conducting certain studies, under the direction and oversight of the CAISO ...

where the PTOs have very specific and non-transferable expertise or data and it is determined that it is most efficient and cost effective for the PTOs rather than the CAISO to conduct those studies.”⁶ Thus, contrary to TANC’s intimation, the centralized study process complies with August 26 Order’s recognition of the need to balance the CAISO’s primary and independent role in conducting the Interconnection Studies and evaluating grid-wide impacts and solutions and the PTOs’ ownership interest in and specialized knowledge of their respective portions of the CAISO Controlled Grid.

B. MID’s Protest of the LGIA is Without Merit and Should be Rejected

Like TANC’s protest of the LGIP, MID alleges that the LGIA compliance filing fails to comply with the Commission’s July 1 and August 26 Orders “as to the independence and authority of the CAISO.” (MID LGIA Protest at 7.) MID cites two purported deficiencies in the LGIA compliance filing’s modification of the definition of “Interconnection Facilities Study,” which states: “Interconnection Facilities Study shall mean the study conducted or caused to be performed by the ISO, in coordination with the applicable Participating TO(s).” The first purported deficiency is that the use of the phrase “caused to be performed” by the CAISO allows the CAISO to “return responsibility for conducting the studies back to the Participating TOs.” (*Id.*) However, this language is consistent with LGIP section 13.2, which authorizes the CAISO to use subcontractors, whether a PTO or other party, at its discretion to ensure the efficient and timely completion of Interconnection Studies, and with the August 26 Order, in which the

⁶ August 26 Order at P 21.

Commission, as noted above, found that the PTOs may “participate in the studies, including conducting certain studies, under the direction and oversight of the CAISO.”⁷ The second purported criticism is that coordinating with the PTOs “leaves open the door” for the PTOs retaining consent rights. (*Id.*) This argument fails for the same reasons set forth in Section III.A above with respect to MID’s challenge to LGIP section 4.2.

IV. CONCLUSION

For the foregoing reasons, the CAISO respectfully urges the Commission to approve without modification the November 1 compliance filings, and dismiss the objections of MID and TANC.

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Attorneys for
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⁷ August 26 Order at P 21.



December 6, 2005

Via Electronic Filing

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Docket Nos. ER04-445-014 & ER04-445-013**

**Pacific Gas and Electric Company
Docket No. ER04-443-010**

**San Diego Gas & Electric Company
Docket No. ER04-441-010**

**Southern California Edison Company
Docket No. ER04-435-018**

Dear Secretary Salas:

Transmitted herewith for electronic filing in the above-referenced proceedings is a Motion of the California Independent System Operator Corporation for Leave to File Answers and Answers to Protests.

Thank you for your attention to this matter.

Yours truly,

/s/ Grant Rosenblum
Grant Rosenblum

Counsel for the California Independent
System Operator Corporation

CERTIFICATE OF SERVICE

I hereby certify that I have, this 6th day of December 2005, caused to be served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

/s/ Grant Rosenblum
Grant Rosenblum