

Comments of the Imperial Irrigation District to the CAISO's May 19 Version of its
Integrated Balancing Authority Area Modeling and Pricing Tariff Amendment

Introduction:

The Imperial Irrigation District (IID) provides these brief comments on the California Independent System Operator Corporation's (CAISO) May 19, 2008, proposed Integrated Balancing Authority Area (IBAA) Modeling and Pricing Tariff Amendment, which constitute further revisions to its Market Redesign and Technology Upgrade (MRTU) tariff. IID observes that the CAISO had originally stated in its IBAA process document (*see* <http://www.caiso.com/1f50/1f50ae5b32340.html#1fcd8b7c19580>) that its draft IBAA tariff language would be posted on May 9, with comments due on May 19. This would have been a 10-day comment period and would have been completed in advance of the CAISO Board of Governors Meeting on May 21. Instead, the CAISO posted its language on May 19 and requires comments on May 27, both a shorter time period and after the CAISO Board has authorized CAISO staff to file its proposal. IID therefore wonders, at this point, whether any stakeholder comments regarding its proposed IBAA tariff can have any impact whatsoever on what the CAISO intends to file with the FERC in the next week or so. Indeed, the proposed process and timelines do not appear to support or contemplate any meaningful or substantive exchange regarding the IBAA tariff. Thus, IID offers a few points.

Comments:

The CAISO's proposed IBAA tariff shows little progress over what was proposed in the past. In February 2008, IID provided comments to the first draft of IBAA tariff language posted by the CAISO. In its comments, IID noted that the IBAA tariff language was "ambiguous" and placed "no reasonable checks on CAISO authority." Although the proposal has been entirely changed since this time, the problems associated with the CAISO's ill-defined tariff have not.

As was the case in the first go-around, the specifics are still missing. Again, the CAISO refers repeatedly to its Business Practice Manuals (BPMs) for many of the critical details. This was not made part of this posting, however, so it is nearly impossible to evaluate the proposed tariff language without being able to cross-check the tariff to the BPMs and vice versa.

Further, as was the problem with the last version of the IBAA tariff, it appears that the CAISO has reserved to itself complete discretion as to which entities qualify as IBAAAs. For example, Appendix A defines an IBAA as:

A Balancing Authority Area as provided in Section 27.5.3 that has been determined to have one or more direct interconnections with the CAISO Balancing Authority Area, such that power flows within the IBAA *significantly affect* power flows within the CAISO Balancing Authority Area, and whose network topology is therefore modeled in further detail in the CAISO's Full

Network Model beyond the simple radial modeling of interconnections between the IBAA and the CAISO Balancing Authority Area. (Emphasis added.)

Although the CAISO lists “currently defined” IBAAAs in proposed section 27.5.3.1 of its tariff, IID cannot ever recall a demonstration by the CAISO that the entities listed “significantly affect” the power flows within the CAISO. (Certainly the entities initially targeted as IBAAAs, such as the Western Area Power Administration and the Sacramento Municipal Utility District, do not believe the CAISO has made any such showing.) Simply repeating this or restating it without any compelling proof of the assertion does not make it so. IID is concerned that the same subjective assessment could be applied to it as well. And, despite sections 27.5.3.2 and 27.5.3.3 are ostensibly offered to provide a process for changing or adding so-called IBAAAs, if the current process is any indication of the level of “consultation” with applicable BAs deemed appropriate by the CAISO, IID has significant concerns. Consultation should not mean the CAISO informing a neighboring BA of what it has already decided to do.

Moreover, the CAISO omits any details of its process for changing existing IBAAAs or adopting new ones. Instead, the CAISO references a yet-to-be developed BPM. Since IID is not an initial IBAA, the process and procedures for ensuring it is afforded an appropriate level of input is of paramount concern. There is nothing in the proposed tariff to eliminate this concern. IID therefore urges the CAISO to provide, in advance of any filing with the FERC, the language of any BPM associated with the proposed IBAA tariff and provide stakeholders an opportunity for comments.