UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation	**)** **)**	**Docket No. ER23-2917-000**

MOTION FOR LEAVE TO ANSWER AND LIMITED ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION TO REPLY COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY AND PACIFIC GAS AND ELECTRIC COMPANY

The California Independent System Operator Corporation (CAISO)[1] submits this limited answer (Answer) to the reply comments filed in this proceeding by Southern California Edison Company and Pacific Gas and Electric Company (together, SCE-PG&E) on November 13, 2023.[2] The SCE-PG&E reply comments include factual errors and inaccuracies and the CAISO believes it is appropriate to correct the record. While SCE-PG&E's filing demonstrates a misunderstanding of a key element of the CAISO proposal, this does not make the proposal unjust or unreasonable, and SCE-PG&E have not met the burden of demonstrating the proposal should be modified or accepted conditionally.

I. Motion for Leave to File Answer

Pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, the CAISO respectfully requests waiver of Rule 213(a)(2), 18 C.F.R. § 385.213(a)(2), to permit it to answer the SCE-PG&E reply comments. Good

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1 Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the current CAISO tariff and the tariff revisions contained in the September 22, 2023 tariff amendment filing in this proceeding.

2 The CAISO files this Answer pursuant to Rules 212 and 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213. For the reasons explained below in section I of the Answer, the CAISO respectfully requests waiver to permit it to answer the November 13 reply comments.

cause to grant the requested waiver exists because this Answer will aid the Commission in understanding the issues in this proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in the case.[3]

II. Answer

SCE-PG&E claim that the answer the CAISO submitted in this proceeding on October 30, 2023 clarifies what they previously only suspected, that the Non-Subscriber Usage Payment Amounts can apply to imports.[4] This was not new information. The CAISO explained in its initial filing in this proceeding:

> Specifically, in accordance with the existing CAISO tariff, the CAISO will assess the TAC [Transmission Access Charge] for Non-Subscriber imports that use scheduling points on the Subscriber Participating TO's transmission facilities, and will assess the WAC [Wheeling Access Charge] for Non-Subscriber exports and wheeling through transactions that use such scheduling points. Pursuant to tariff revisions proposed in this filing, a Subscriber Participating TO will be entitled to receive Non-Subscriber Usage Payment Amounts for Non-Subscriber use of its transmission assets and Entitlements and unscheduled Subscriber Rights . . . .[5]

The fact that SCE-PG&E overlooked the discussion in the initial filing does not support a claim that the CAISO's proposal lacked clarity.

Despite having had several opportunities to address the issue, SCE-PG&E fail to rebut the CAISO's explanation that the proposed Non-Subscriber Usage Rate under the Subscriber Participating TO model is consistent with

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3 *See, e.g.*, *Xcel Energy Services, Inc.*, 124 FERC ¶ 61,011, at P 20 (2008); *Sw. Power Pool, Inc.*, 89 FERC ¶ 61,284, at 61,888 (2000); *El Paso Elec. Co.*, 72 FERC ¶ 61,292, at 62,256 (1995).

4 November 13 reply comments at 2, 3.

5 Transmittal letter for September 22 filing at 31; *see also* attachment C to September 22 filing at 11, and attachment D to September 22 filing at 6.

Commission precedent requiring the owner of a subscriber-funded transmission project to make any unsubscribed capacity on its transmission project available for service on an open access basis.[6] In light of this precedent, the CAISO believes the Non-Subscriber Usage Rate is an important element of the CAISO's overall proposal and should not be severed from the other tariff enhancements proposed in the September 22 filing. The CAISO understands there are limited conditions under which the Commission may modify a proposal; however, SCE-PG&E fail to explain how any of those conditions would apply to an important element of the CAISO's proposal.

SCE-PG&E argue that imports will see rate pancaking under the CAISO's proposal because "TAC customers must pay the existing transmission charge plus an additional charge for any power import from the S-PTO [Subscriber Participating TO] by any Non-Subscriber."[7] This claim is inaccurate. Under the CAISO's proposal, load in the CAISO balancing area will only pay a single access charge for transmission service – the TAC – whether or not that load is served by imports over a Subscriber Participating TO facility or not. Exports are paid by the scheduling coordinator, not load, so the CAISO would recover the WAC (equal to the TAC) and pay the Non-Subscriber Usage Payment Amounts. If WAC revenue collected by the CAISO is insufficient to fully pay the Non-Subscriber Usage Payment Amounts for both imports and exports on the Subscriber Participating TO transmission facilities, then the remainder will be

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6 *See, e.g.*, transmittal letter for September 22 filing at 4-5, 29; October 30 CAISO answer at 19-20.

7 November 13 reply comments at 4.

paid by using TAC revenue received by the CAISO prior to allocating the TAC revenue to the other Participating TOs. This will not result in any load in the CAISO paying both the TAC and a separate charge for Non-Subscriber imports on Subscriber Participating TO facilities. As such, the CAISO's proposal does not result in a pancaked rate.[8]

The CAISO has explained that it is theoretically possible that the WAC recovery would be insufficient to cover the Non-Subscriber Usage Payment Amounts. However, the likelihood of this occurring is a matter of informed opinion, and here the CAISO disagrees with SCE-PG&E. SCE-PG&E assume all other uses of the CAISO controlled grid will remain equal after a Subscriber Participating TO joins the CAISO, which is not the case. The CAISO anticipates that a Subscriber Participating TO may increase the number of CAISO scheduling points, as would be the case for example with TransWest Express LLC, and additional exports over these new scheduling points will increase WAC revenues. Furthermore, all indications are that load in the CAISO balancing area will continue to increase and the pool of revenue available will also increase and may very well be served by imports over the Subscriber Participating TO facilities. In light of projected load growth and increased export locations, the CAISO believes any shortfall is extremely unlikely.[9] SCE-PG&E's assertion that the TAC will increase because a shortfall is virtually assured is inaccurate.

[8] *See Midwest Indep. Transmission Sys. Operator, Inc*., 156 FERC ¶ 61,034, at P 2 n.4 (2016).

[9] *See* October 30 CAISO answer at 16 (making this point and citing the transmittal letter for the September 22 filing at 9-11, 32-33 in support).

Lastly, SCE-PG&E argue that, unlike transmission facilities selected in the CAISO transmission planning process, TAC customers never agreed to include Subscriber Participating TO facilities in the CAISO controlled grid.[10] This mischaracterizes the CAISO's independent planning process and improperly suggests an approval role for load in that process. TAC customers do not approve the annual CAISO Transmission Plan. Instead, the CAISO Governing Board approves the CAISO Transmission Plan after stakeholder input.[11] Under the CAISO's proposal, an entity seeking to become a Subscriber Participating TO will follow an updated version of the current application process under the tariff and the Transmission Control Agreement.[12] After stakeholder input on the application, an applicant only becomes a Subscriber Participating TO after the CAISO Governing Board approves the application.

10 November 13 reply comments at 5.

11 *See* http://www.caiso.com/planning/Pages/TransmissionPlanning/Default.aspx.

12 Transmittal letter for September 22 filing at 3-4.

III. Conclusion

For the foregoing reasons, the Commission should accept the tariff revisions contained in the September 22 filing, without condition or modification.

Respectfully submitted,

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Dated: November 17, 2023

CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at New York, N.Y., this 17th day of November, 2023.

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