

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

California Independent System)
Operator Corporation) Docket No. ER06-58-000

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

Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2005), the California Independent System Operator Corporation (“ISO”)¹ submits its answer to the motions to intervene and comments submitted in the captioned proceeding.² This proceeding concerns the ISO’s filing of a Pseudo Participating Generator Agreement (“Pseudo PGA”) between the ISO and Calpine Construction Finance Company, L.P. The ISO requested that the Pseudo PGA be made effective on December 1, 2005.

I. STATEMENT OF ISSUES

In accordance with Rule 203(a)(7), 18 C.F.R. 385.203(a)(7), the ISO provides this Statement of Issues.

1. Whether the Commission should approve the Pseudo PGA, subject to the ISO’s commitment to make modifications to Sections 2.1.4,

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

² Motions to intervene were submitted by the Modesto Irrigation District, the Northern California Power Agency, and the Transmission Agency of Northern California. Motions to intervene and comments were submitted by the Sacramento Municipal Utility District (“SMUD”) and the Western Area Power Administration (“Western”).

2.1.15, and 2.1.16 of Schedule 2 of the Pseudo PGA in a subsequent filing.

II. ANSWER

The ISO does not oppose any of the motions to intervene filed in this proceeding.

As explained in the ISO's October 20, 2005, filing in this proceeding, the purpose of the Pseudo PGA is to implement a pilot program to create a Pseudo Tie (*i.e.*, a remote tie) that would allow "[a] Generating Unit (or group of Generating Units comprising a generating plant) interconnected externally to the ISO Control Area . . . to receive applicable Control Area Services from the ISO and to operate under the jurisdiction of the ISO in accordance with the ISO Tariff just as any other Generating Unit of an ISO Participating Generator." The implementation of this pilot program is one of several inter-related modifications to the current ISO Control Area footprint that are scheduled to occur on December 1, 2005.

Western and SMUD propose that Sections 2.1.4, 2.1.15, and 2.1.16 of Schedule 2 of the Pseudo PGA be modified with specific revisions proposed by Western in its comments. SMUD at 3-4; Western at 3-4. The ISO agrees in concept with those modifications; however, the ISO proposes to implement the intent of Western's changes to Sections 2.1.4 and 2.1.15 through slightly different modifications than those proposed by Western. Section 2.1.4 as filed provides that the ISO will not provide Energy to supply the auxiliary needs of the Pseudo Generating Unit. The ISO determined subsequent to the filing of the Pseudo

PGA that, with software modifications, it is able to supply those auxiliary needs. However, rather than making the modifications proposed by Western to Section 2.1.4 to address this change, the ISO proposes simply to delete the provision as filed, and to address the matter solely in Section 2.1.15. In Section 2.1.15, the ISO proposes to make the deletion proposed by Western, but also proposes to add the substance of the clarification proposed by Western to Section 2.1.4 in place of the deleted phrase. The ISO proposes that Section 2.1.15 be revised to state that the ISO will provide to the Pseudo Generating Unit all Control Area services available to other Generating Units in the ISO Control Area “, including the auxiliary load needs of the Pseudo Generating Unit.” This approach accomplishes the same result proposed by Western but consolidates the provisions regarding this matter into Section 2.1.15, rather than having separate provisions in Sections 2.1.4 and 2.1.15 regarding the same subject matter.

The ISO agrees to make the modification to Section 2.1.16 proposed by Western to add Western to the listing of entities with which the ISO must develop a coordinated operating procedure regarding this matter.

The ISO has also had discussions with Calpine regarding Calpine’s exploration of the possibility of acquiring network transmission service from Western. The ISO has committed to work with Calpine, Western, and SMUD to determine whether the acquisition of such rights might require any additional modification of the provisions of Service Schedule 2 of the Pseudo PGA. The ISO will file with the Commission any additional modifications determined to be

necessary in a separate filing requesting Commission acceptance of an amendment to the Pseudo PGA.

The ISO urges the Commission to accept the Pseudo PGA, to be effective on December 1, 2005, in order to facilitate timely implementation of the pilot program and subject to the ISO's commitment to file revisions to the Pseudo PGA as described above to address the concerns raised in the comments of Western and SMUD.

III. CONCLUSION

Wherefore, the ISO respectfully requests that the Commission accept the Pseudo PGA, subject to the ISO's commitment to make the modifications to the Pseudo PGA as described above.

Respectfully submitted,

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Dated: November 22, 2005

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in the 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).

/s/ John Anders
John Anders