

161 FERC ¶ 61,118
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

October 30, 2017

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER17-2402-000

California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attention: John Spomer, Esq.
Senior Counsel

Dear Mr. Spomer:

1. On August 31, 2017, California Independent System Operator Corporation (CAISO) filed a Generator Scheduling Agreement (Agreement) between CAISO and the Western Area Power Administration (Western). CAISO states that the Agreement sets forth the terms under which Western will submit self-schedules into the CAISO market for the O'Neill Pump-Generating Plant (O'Neill plant), which will be used solely to supply Western's native pump load.¹

¹ The O'Neill plant is located in Merced, California, and consists of an intake channel leading off the Delta-Mendota Canal and six pump-generating units. CAISO states that normally, the units operate as pumps to lift water into the O'Neill plant forebay, but that, under certain conditions, water is released from the forebay to the Delta-Mendota Canal, causing these units to operate as generators. CAISO states that O'Neill plant only generates power part of the year when water demands increase along the Delta-Mendota Canal and releases from nearby San Luis Reservoir are made. CAISO Transmittal at 1-2.

2. Western has been the scheduling coordinator for the O’Neill plant pursuant to a settlement agreement approved by the Commission in 2006.² CAISO states that as scheduling coordinator, Western has used its existing transmission contract rights to schedule the O’Neill plant with CAISO. CAISO states that under these rights, Western netted the O’Neill plant’s generation and associated pump loads and imported additional energy necessary to serve the remainder of the O’Neill plant load. In instances where the O’Neill plant had more generation than load, Western would schedule excess energy to serve other pumping loads.³

3. Moreover, until recently, Western has had the authority to sell energy for commercial power for the O’Neill plant pursuant to Contract No. 14-06-200-2207A (Contract 2207A), an existing transmission contract that was executed between the United States Department of the Interior, Bureau of Land Reclamation, and Pacific Gas and Electric Company (PG&E) in 1965.⁴ However, CAISO states that Contract 2207A terminated on April 1, 2016, and that this has created an issue for Western because Western no longer has the requisite statutory authority to sell commercial power.⁵ Without separate authority, all power generated by the O’Neill plant is deemed to be sold into CAISO while all power serving the O’Neill plant’s load is bought from CAISO, under the terms of CAISO’s tariff. Without the protection of Contract 2207A, Western is concerned about its ability to comply with CAISO’s tariff because it could be construed as selling power to CAISO by scheduling generation in CAISO’s markets.⁶

4. CAISO notes that Western is currently in the process of interconnecting the O’Neill plant to the proposed San Luis Transmission Project within the balancing authority of Northern California (BANC) and outside of the CAISO balancing authority area. Accordingly, CAISO and Western negotiated the Agreement as a short-term, interim agreement to govern the scheduling of the O’Neill plant while Western completes

² *Id.* at 2 (citing *Certification of Uncontested Offer of Settlement*, 117 FERC ¶ 63,006 (2006)).

³ *Id.* at 2-3.

⁴ *Id.*

⁵ *Id.* at 3.

⁶ *Id.*

the interconnection to BANC.⁷

5. CAISO states that the Agreement details the contractual terms, including the respective responsibilities of the parties, associated with scheduling the O'Neill plant. CAISO states that the Agreement will remain in effect for five years from its effective date or until terminated, and that a maximum of two, two-year extensions are allowed (for a total nine-year term). CAISO states that, under the Agreement, self-schedules submitted for the O'Neill plant will only be used to supply native load and will not be construed as a sale to CAISO.⁸

6. CAISO also notes that if Western receives a schedule that requires operation below the minimum operating limit and deviates from that schedule to continue to operate at the minimum operating limit, it will not be subject to any penalties or sanctions as a result of operating at the minimum operating limit. CAISO further states that Western will be responsible for tracking the charges and credits associated with Standard Ramping Energy and Ramping Energy Deviations and that every 12 months from the effective date of the Agreement, Western will total the charges and credits for these deviations.⁹

7. Notice of CAISO's filing was published in the *Federal Register*, 82 Fed. Reg. 42,341 (2017), with protests and interventions due on or before September 21, 2017. Timely motions to intervene were filed by Southern California Edison Company, Modesto Irrigation District, and the Cities of Santa Clara and Redding, California. Timely motions to intervene and comments were filed by Western and PG&E. On September 29, 2017, CAISO filed an answer in response to PG&E's comments.

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2017), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2017), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept CAISO's answer because it has provided information that assisted us in our decision-making process.

9. Western states that it supports the Agreement because it will allow Western to continue to schedule federal generation to federal project use loads within the confines of

⁷ *Id.* at 3.

⁸ *Id.* at 4

⁹ *Id.* at 5.

federal law and CAISO's tariff.¹⁰

10. PG&E states that it does not oppose the terms of CAISO's filing, but explains that it is concerned that the interconnections it maintains for the O'Neill plant will be rendered superfluous once Western establishes its interconnection to BANC because the existing interconnections do not serve any other customers. PG&E argues that before the O'Neill plant is transitioned from CAISO to BANC, CAISO, PG&E, and Western must address what will happen to PG&E's current interconnections with the O'Neill plant so that PG&E is not unfairly obligated to maintain duplicate interconnections.¹¹

11. In its answer, CAISO acknowledges PG&E's desire to receive further clarification of the impact from the O'Neill plant's transition from CAISO to BANC. However, CAISO states that the purpose of the Agreement is to establish a short-term, interim approach to govern the scheduling of the O'Neill plant while Western completes the interconnection of the O'Neill plant within BANC. CAISO argues that nothing in the Agreement concerns PG&E's own interconnections, and that PG&E's comments are premature and beyond the scope of this proceeding.¹²

12. We find that the terms of the Agreement are just and reasonable and not unduly discriminatory or preferential. The Agreement allows Western to submit self-schedules into CAISO's market for federal generation from the O'Neill plant that will be used solely to serve federal native load. This in turn will permit Western to stay within the confines of federal law, which does not authorize the sale of power from the O'Neill plant for commercial purposes. Further, we find that the issues raised by PG&E do not contest the justness and reasonableness of the Agreement between CAISO and Western, and therefore are beyond the scope of this proceeding. Accordingly, we accept the Agreement, effective November 1, 2017, as requested.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁰ Western Comments at 3.

¹¹ PG&E Comments at 3.

¹² CAISO Answer at 2.