

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System)	Docket Nos. ER01-313-000
Operator Corporation)	ER01-313-001
)	
Pacific Gas and Electric Company)	Docket Nos. ER01-424-000
)	ER01-424-001

REBUTTAL TESTIMONY OF
DEBORAH A. LE VINE
ON BEHALF OF THE
CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION

1 **Q. PLEASE STATE YOUR NAME AND TITLE.**

2 A. My name is Deborah A. Le Vine. I am the Director of Contracts for the
3 California Independent System Operator Corporation ("ISO").
4

5 **Q. HAVE YOU PROVIDED TESTIMONY PREVIOUSLY IN THIS**
6 **PROCEEDING?**

7 A. Yes I have. I submitted testimony with the November 1, 2000 filing regarding
8 the ISO's position with regard to certain billing determinants for the ISO's Grid
9 Management Charge ("GMC"). Specifically, I addressed the issue of how
10 billing the Control Area Services ("CAS") component of the GMC based on
11 Control Area Gross Load relates to the assessment of the ISO's transmission
12 Access Charge ("TAC") on a Gross Load basis. Exh. No. ISO-14.
13

14 **Q. SINCE YOUR DIRECT TESTIMONY IN THIS PROCEEDING, HAVE YOU**
15 **PROVIDED TESTIMONY IN OTHER REGULATORY PROCEEDINGS?**

16 A. Yes. Since November 1, 2000, I have submitted testimony in Docket Nos.
17 ER98-997-000, *et al.* ("QF PGA proceeding"), regarding the application of the
18 ISO's Participating Generator Agreement to qualifying facilities ("QFs");
19 Docket No. ER01-66-000, *et al.* regarding Pacific Gas and Electric Company
20 ("PG&E") Transmission Owner Tariff ("TO 5 Filing"); Docket No. ER01-839-
21 000, *et al.* regarding PG&E's TAC implementation; Docket No. ER01-831-
22 000, *et al.* regarding San Diego Gas & Electric Company's ("SDG&E") TAC

1 implementation; and Docket No. ER01-832-000, *et al.* regarding Southern
2 California Edison Company's ("SCE") TAC implementation.

3

4 **Q. HOW DOES YOUR REBUTTAL TESTIMONY RELATE TO OTHER**
5 **TESTIMONY IN THIS PROCEEDING?**

6 A. Mr. Deane Lyon of the ISO is submitting Rebuttal Testimony today which
7 addresses various arguments raised regarding the operational aspects of the
8 CAS component of the GMC (the so-called "gross versus net" issue). Exh.
9 No. ISO-29. Mr. Lyon's Rebuttal Testimony also addresses the appropriate
10 GMC assessment for the Mohave Power Plant and specifically the GMC
11 allocation to the joint participant Energy usage from such plant. Mr. Trent
12 Carlson previously had testified regarding the operational aspects of the CAS
13 component of the GMC. Exh. No. ISO-10.

14

15 **Q. AS YOU TESTIFY, WILL YOU BE USING ANY SPECIALIZED TERMS?**

16 A. Yes. I will be using terms defined in the Master Definitions Supplement,
17 Appendix A of the ISO Tariff.

18

19 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

20 A. Yes, I am sponsoring Exh. No. ISO-35, which is a diagram of the Southwest
21 Power Link ("SWPL") and its surroundings.

22

23

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony on the “gross versus net” issue is to respond to
3 certain issues raised in the Direct and Cross-Answering Testimony of Mr.
4 James A. Ross on behalf of the Cogeneration Association of California and
5 the Energy Producers and Users Coalition (“CAC/EPUC”) and the Cross-
6 Answering Testimony of Mr. Manuel Ramirez on behalf of the California
7 Public Utilities Commission (“CPUC”) regarding costs associated with the
8 Control Area Services component of the GMC.

9

10 Additionally, I will be responding to arguments presented by SCE witness
11 Mark Minick and SDG&E witness S. A. Yari that indicate that past treatment
12 of Energy associated with the other joint participants’ share of the Mohave
13 Power Plant (“Mohave Participant Energy” or “MPE”) should dictate their
14 current assessment under the unbundled GMC. I will demonstrate that the
15 past treatment of this Energy was based on a Settlement Agreement, and
16 thus has no bearing on how such assessment should be determined going
17 forward under the unbundled GMC being proposed in this proceeding.

18

19 Finally, I will discuss the mechanics and structure of the Southwest Power
20 Link (“SWPL”) arrangement. (For convenience, I will refer to the non-SDG&E
21 Energy that flows over SWPL as “SWPL Energy”). I will discuss the fact that
22 SWPL Energy involves purchases and sales of Imbalance Energy, and hence

1 that it is appropriate to assess the Market Operations Charge on SWPL
2 Energy.

3

4

I. GROSS VERSUS NET

5

6

**Q. MR. RAMIREZ OF THE CPUC STATES THAT WHILE HE DOES NOT
7 AGREE THAT BEHIND-THE-METER LOAD SHOULD PAY THE ENTIRE
8 CAS CHARGE, IT SHOULD PAY SOME AMOUNT FOR ITS RELIANCE ON
9 THE ISO CONTROLLED GRID. EXH. NO. PUC-1 at 14-15. IS IT
10 POSSIBLE FOR CURRENTLY UNMETERED LOADS TO PAY A SMALLER
11 AMOUNT OF THE CAS TO REFLECT DIFFERENCES IN THE WAY THEY
12 UTILIZE THE ISO CONTROLLED GRID?**

13

A. The CAS Charge encompasses numerous services. As explained in the
14 Rebuttal Testimony of Mr. Lyon, Exh. No. ISO-29, one Load may benefit from
15 a certain Control Area service more than another Load, which in turn may
16 utilize some aspect of CAS to a greater degree than another Load. Prior to
17 this point, the GMC was bundled, one charge to all based on MWH usage.
18 The GMC is presented in this proceeding as a means to better allocate cost
19 causation and simplify the GMC process using three service charges. Some
20 parties may want the ISO to establish more service categories – instead of
21 just CAS, for example, CAS might be broken into any number of different
22 service categories. While this is not the end of the consideration of possible
23 additional unbundling in the future, further division of the unbundled

1 categories is not feasible at this time both for administrative reasons and for
2 the lack of data that would be required to assign each Control Area service its
3 own category, the data required to demonstrate the correct denominator for
4 the charge, and the required ability to track the costs. As the GMC develops
5 in future filings, additional service categories may be proposed, although
6 these are likely to be limited in number to maintain the simplicity of the
7 allocations to Scheduling Coordinators (“SCs”) and to keep the administrative
8 costs of the ISO as low as possible.

9

10 **Q. MR. ROSS ASSERTS THAT INCLUDING BEHIND-THE-METER**
11 **GENERATION IN THE ISO’S COMPUTATION OF GROSS LOAD**
12 **RESPONSIBILITY WILL DISCOURAGE SELF-GENERATION. EXH. NOS.**
13 **CAC-2 AT 3, 4 AND 21-22; CAC-4 AT 21-24. DO YOU AGREE?**

14 A. No. Mr. Ross portrays the ISO’s inclusion of behind-the-meter Generation in
15 its computation of Control Area Gross Load as such a burden that it will
16 discourage new on-site Generation, but this will not be the case. In the first
17 place, Mr. Ross’ concern is misplaced: Loads and exports, not Generation,
18 are charged the CAS component of the GMC. Particularly with regard to new
19 on-site Generation, it is only the Load that the new behind-the-meter
20 Generation may be intended to serve that will be assessed the CAS
21 component of the GMC. If that is existing Load, then it presumably is already
22 assessed the CAS component of the GMC and will see no change in its GMC

1 assessment. If it is new Load, then it will have no historical expectation that it
2 can escape the assessment of the ISO's GMC.

3

4 In support of his position, Mr. Ross lists the following as burdens that will
5 discourage behind-the-meter Generation:

- 6 • Installation of additional metering and telemetering
- 7 • Payment for increased amount of Ancillary Services or a requirement
8 to "self-provide" Ancillary Services
- 9 • Payment of additional transmission Access Charges and the GMC
- 10 • Scheduling self-generation from the end-use customer's Generating
11 Unit to the customer's Load even though the power remains on-site.

12

13 Exh. No. CAC-2 at 22.

14

15 Billing the Control Area Services Charge on a gross Load basis will not cause
16 any of the above to occur to existing behind-the-meter Generation, let alone
17 new Generation. The only item that is relevant to the billing of the CAS
18 component of the GMC on the basis of Load served by behind-the-meter
19 Generation is payment of any "additional" GMC, which I believe is justified as
20 discussed further below.

21

22 Mr. Ross apparently has confused the application of the CAS component of
23 the GMC with the application of the terms of the ISO's pro forma Participating
24 Generator Agreement ("PGA") to behind-the-meter Generation and the
25 provision of Ancillary Services based on gross Load, which are the subject of
26 the QF PGA proceeding in Docket Nos. ER98-997, *et al.* The PGA and the
27 ISO's pro forma Meter Service Agreements ("MSAs") require compliance with
28 the ISO Tariff with regard to the metering and telemetry requirements for

1 Generation and Load. Actually, there is no ISO requirement to provide
2 telemetry on Load to the ISO, other than for Participating Loads that qualify to
3 participate in the ISO's Ancillary Services markets. All Load and all
4 Generating Units must meet metering requirements in the ISO Tariff;
5 however, this proceeding does not address such metering requirements.
6 Moreover, CAC/EPUC already has agreed to the ISO's metering
7 requirements in the Commission's proceeding on the terms of the ISO's pro
8 forma MSAs, Docket Nos. ER98-1499, *et al.*

9

10 It is true that the ISO's assessment of the CAS component of the GMC on the
11 basis of Control Area Gross Load may mean that the SCs for behind-the-
12 meter Loads will pay a greater portion of the CAS component of the GMC
13 than they do currently. Any "additional" payment, however, is an amount
14 currently charged to other entities through a cost shift. The revenue
15 requirement used to calculate the GMC is a set amount that must be collected
16 by the revenue neutral ISO. Under past operating practices, SCs for other
17 entities paid for the CAS that were incurred to serve behind-the-meter Load
18 and that benefited behind-the-meter Load. The current GMC methodology is
19 intended to remedy this inequitable cost shift by charging SCs in relation to
20 their gross Load based on estimates to the extent the ISO does not have
21 schedules or meter reads for these Loads.

22

1 Regarding the transmission Access Charges, these charges are also not part
2 of this proceeding and, in any event, are not affected by the assessment of
3 the CAS component of the GMC.

4

5 Lastly, the requirement of Scheduling, including but not limited to behind-the-
6 meter Generation serving on-site Load, is also not part of this proceeding.
7 Nothing in the proposed GMC requires behind-the-meter Generation to
8 schedule the Load that it serves. Scheduling requirements are determined by
9 the FERC-approved ISO Tariff.

10

11 **Q. MR. ROSS PRESENTS A HYPOTHETICAL EXAMPLE IN WHICH HE**
12 **ASSERTS THAT PAYMENT OF ANCILLARY SERVICES CHARGES**
13 **WOULD INCREASE BY \$1,400,000 IF CONTROL AREA GROSS LOAD IS**
14 **USED. EXH. NO. CAC-4 at 23-24. IS THIS HYPOTHETICAL RELEVANT**
15 **TO THIS PROCEEDING?**

16 A. No. Mr. Ross' hypothetical refers expressly to "the ancillary service
17 component of standby service charge" and makes no mention of the
18 allocation of the CAS Charge on a Control Area Gross Load basis, which is
19 the subject of this proceeding. As I indicate above, the matter of the
20 allocation of the costs of Ancillary Services on a gross Load basis is already
21 before the Commission in the QF PGA proceeding, and the issues raised by
22 Mr. Ross' hypothetical are being addressed by the Commission based on the

1 evidence of record in that proceeding. Thus, Mr. Ross' hypothetical is entirely
2 irrelevant to this proceeding.

3

4 **Q. MR. ROSS ARGUES THAT EXISTING PPAS REQUIRE THAT QFs WITH**
5 **EXISTING CONTRACTS CONTINUE TO BE NET METERED AND BILLED**
6 **ON THE BASIS OF NET LOADS. MR. ROSS THEREFORE CONTENDS**
7 **THAT THE ESTIMATE METHODOLOGY PROPOSED BY ISO WITNESS**
8 **JAMES E. PRICE (EXH. NO. ISO-12) AND SUPPORTED BY MR. GROSS**
9 **OF COMMISSION STAFF WOULD VIOLATE THE MATERIAL TERMS OF**
10 **THEIR POWER PURCHASE AGREEMENTS ("PPAS"). EXH. NO. CAC-4**
11 **AT 20. WHAT IS YOUR RESPONSE?**

12 A. It is the ISO's position that the CAS component of the GMC should be
13 allocated to all Control Area Gross Load, including behind-the-meter Load.
14 However, the GMC is assessed to SCs rather than directly to such behind-
15 the-meter Load. With regard to behind-the-meter Loads served by QFs with
16 existing PPAs, the ISO has proposed to assess the CAS component to the
17 SCs for the UDCs that provide standby service to those behind-the-meter
18 Loads in the case where those QFs continue to be permitted to net meter
19 their Generation with those Loads under the terms of their existing PPAs.
20 Whether the UDCs are permitted to pass on that portion of the CAS Charge
21 to the behind-the-meter Loads through their rates for standby service is a
22 matter for the regulation of retail ratemaking by the CPUC.

23

1 **Q. IF LOADS SERVED BY BEHIND-THE-METER GENERATION ALREADY**
2 **PAY FOR STANDBY ENERGY, DON'T THEY ALREADY PAY THE GMC**
3 **FOR CONTROL AREA SERVICES?**

4 A. No. Mr. Ross argues that as retail customers of utilities, QFs have paid the
5 GMC through their payments for retail standby service. Exh. No. CAC-2 at
6 12-14. In support of this, Mr. Ross points to the utility's Schedule PX and the
7 incorporation of Schedule PX rates into Schedule S. Exh. No. CAC-2 at 12-
8 14. Mr. Ross argues that Schedule PX specifically includes an amount to
9 reflect ISO GMC charges. Events have largely overtaken Mr. Ross' specific
10 arguments, however. In the first place, the UDCs no longer purchase power
11 from the PX, which has filed for bankruptcy and no longer operates its
12 markets. SCE, for example, has replaced Schedule PX with Schedule PE
13 with regard to procured Energy. In any event, Schedule PX was not even
14 used to determine actual charges, but instead determined the amount of the
15 total charge that was attributed to the "Competition Transition Charge."
16 Second, the CPUC has directed that all Generation components be removed
17 from the Schedule S standby service rates, further undermining Mr. Ross'
18 argument. *Order Instituting Rulemaking into Distributed Generation*, Decision
19 01-07-027 (CPUC).

20
21 More importantly, however, Mr. Ross' arguments assume his desired
22 conclusion – that the GMC should be charged only according to net metered
23 Demand, *i.e.*, according to the amount of Energy a Load receives through the

1 ISO Controlled Grid. In his scenario, PG&E is providing standby Energy to a
2 behind-the-meter Load and the ISO is only charging GMC according to
3 metered Loads. *At the time PG&E is providing the Energy*, it is acting as
4 Scheduling Coordinator for the Load, and the Demand served is metered.
5 PG&E then passes the cost on to the Load to which it is providing the Energy
6 through its CPUC-approved rates. The ISO assesses PG&E for GMC
7 according to that metered Demand. Depending on the extent to which the
8 CPUC allows PG&E to pass all or a portion of the costs of the GMC on to that
9 behind-the-meter Load in its rates for standby service, the behind-the-meter
10 Load may be paying only a share of GMC that reflects the period when it
11 receives Energy from an off-site source. Yet, this Load is receiving a service
12 from the ISO when the on-site Generation is serving the on-site Load. It
13 would appear that Mr. Ross' position is that the on-site Load should not have
14 to pay for this service.

15
16 As I have explained, however, the on-site Load benefits from CAS at all times
17 that it is not physically isolated from the electric grid. Thus, if on-site Load is
18 served by on-site Generation 95 percent of the time, under Mr. Ross'
19 scenario, the on-site Load avoids 95 percent of its cost responsibility for CAS.
20 Mr. Ross is simply arguing that, since in the past a QF would be assessed the
21 GMC in the manner that Mr. Ross thinks is proper, therefore it is proper. That
22 is a non sequitur. This argument is analogous with suggesting one only
23 should pay for homeowner's insurance on the day one's house burns down.

1 My attorneys have informed me that a Settlement Agreement such as the one
2 that established the bundled GMC does not limit parties' ability to seek other
3 terms or arrangements once the period of the Settlement Agreement has
4 passed.

5
6 I note that SDG&E witness S. A. Yari alludes to the fact that SWPL Energy
7 was exempted from the GMC prior to unbundling, as well. Exh. No. SDO-1 at
8 11-12. That fact is no more helpful to the argument that SWPL Energy should
9 continue to be exempted than are Mr. Minick's arguments with regard to
10 MPE.

11
12 What was, was. The ISO is under no obligation to continue to exempt any
13 Market Participant from GMC charges and has sought in this proceeding to
14 charge the appropriate costs both to participants inside the ISO Control Area
15 and to those outside the ISO Control Area that wheel into, out of, through, or
16 that purchase from or sell into the ISO's markets.

17
18 **III. SWPL ENERGY**

19
20 **Q. PLEASE SUMMARIZE YOUR TESTIMONY ON THE ISSUE OF SWPL**
21 **ENERGY.**

22 **A.** I will discuss the mechanics and structure of the SWPL Energy arrangement,
23 as well as the fact that SWPL Energy involves purchases and sales of

1 Imbalance Energy, and hence that it is appropriate to assess the Market
2 Operations Charge on SWPL Energy.

3

4 **Q. SDG&E WITNESS S. A. YARI ARGUES THAT IT IS INAPPROPRIATE TO**
5 **ASSESS THE MARKET OPERATIONS CHARGE ON SWPL ENERGY. HE**
6 **CLAIMS THAT 1) ARIZONA PUBLIC SERVICE COMPANY (“APS”) AND**
7 **IMPERIAL IRRIGATION DISTRICT (“IID”) HAVE NOT TRANSFERRED**
8 **CONTROL OVER THEIR SHARE OF SWPL TO THE ISO, AND THE**
9 **MARKET OPERATIONS CHARGE ONLY APPLIES TO ENTITIES THAT**
10 **USE TRANSMISSION FACILITIES TRANSFERRED TO ISO CONTROL**
11 **(EXH. NO. SDO-1 AT 6, 8-9); 2) THE APS AND IID SCHEDULES DO NOT**
12 **RESULT IN PURCHASES OR SALES OF IMBALANCE ENERGY OR**
13 **ANCILLARY SERVICES, EXH. NO. SDO-1 AT 7; AND 3) APS AND IID**
14 **RETAIL LOAD DOES NOT BENEFIT FROM ISO SERVICES. EXH. NO.**
15 **SDO-1 AT 13. DO YOU AGREE?**

16 A. As I will explain further below, I do not.

17

18 **Q. WHAT IS SWPL?**

19 A. As described by Mr. Yari, Exh. No. SDO-1 at 5, SWPL is a 500 kV
20 transmission line from SDG&E’s Miguel Substation to the Palo Verde Power
21 Plant switchyard in Arizona. SDG&E transferred 11 percent of SWPL
22 ownership to APS and 12.78 percent of SWPL ownership to IID pursuant to
23 Participation Agreements in the 1980s. The entire length of the transmission

1 line, from Miguel Substation up to but not including Palo Verde Power Plant
2 (including Imperial Valley and North Gila substations), is within the ISO
3 Control Area. See ISO Exh. No. ISO-35, which is a diagram of SWPL and its
4 surroundings.

5

6 **Q. IS THE SITUATION OF SWPL ENERGY SIMILAR TO THAT OF MOHAVE**
7 **PARTICIPANT ENERGY, DISCUSSED ABOVE?**

8 A. There is a significant difference between SWPL Energy and MPE. While
9 MPE originates in the ISO Control Area, and is then exported to serve Load
10 outside the Control Area, SWPL Energy is “Wheeled Through” the ISO
11 Control Area. That is to say, the Energy both originates and serves Load
12 outside of the ISO Control Area. Thus, the two sets of transactions involve
13 different considerations for purposes of assessment of the GMC.

14

15 **Q. WHY IS SWPL ENERGY ASSESSED THE MARKET OPERATIONS**
16 **CHARGE?**

17 A. While purchases and sales of Ancillary Services are not made for SWPL
18 Energy, SWPL balanced Energy Schedules are subject to transmission line
19 losses. Such losses result in small deviations from SWPL Energy Schedules,
20 such that small purchases of Imbalance Energy are necessary. The Market
21 Operations Charge is assessed based on the “total purchases and sales of
22 Ancillary Services, Supplemental Energy, and Imbalance Energy (both
23 instructed and uninstructed).” ISO Tariff Proposed Section 8.3.3. Thus, a

1 small amount of the Market Operations Charge is applicable to SWPL
2 Energy.

3

4 **Q. MR. YARI ARGUES THAT “UNDER THE CURRENT ISO/SDG&E**
5 **SCHEDULING ARRANGEMENT, THE APS AND IID SCHEDULES DO NOT**
6 **RESULT IN IMBALANCE ENERGY OR ANCILLARY SERVICES.” EXH.**
7 **NO. SDO-1 AT 7. IS THIS AN ACCURATE STATEMENT?**

8 A. No. As stated above, SWPL Energy Schedules are subject to transmission
9 line losses. Such losses result in small deviations from SWPL balanced
10 Energy Schedules, such that small purchases of Imbalance Energy are
11 necessary.

12

13 **Q. WHAT SERVICES DOES THE ISO PERFORM WITH REGARD TO SWPL**
14 **ENERGY?**

15 A. Like any other purchaser or seller of Imbalance Energy SWPL Energy
16 contributes to the ISO’s costs of market and settlement related services. The
17 services that the ISO performs for such entities include providing open and
18 non-discriminatory access to market activities for participants through the
19 provision of Energy balancing services; posting market information; market
20 surveillance and analysis; settlement, billing, and metering including using
21 information from Day-Ahead scheduling, Hour-Ahead scheduling, and real
22 time operations, Market Clearing Prices, bid prices, Ex Post Prices, and
23 metered information from Generators, Loads, and inter-tie points, ultimately to

1 balance the billing of and payments for energy, capacity; and transmission
2 service into, through, and out of the ISO control Area through Scheduling
3 Coordinators.

4

5 **Q. MR. YARI ARGUES THAT SWPL ENERGY DOES NOT USE THE ISO**
6 **CONTROLLED GRID. SDO-1 AT 10. DO YOU AGREE?**

7 A. No, I do not. As evidenced by the data extracted from the ISO's
8 Transmission Registry¹ (Exh. No. ISO-33), the Palo Verde-North Gila, North
9 Gila-Imperial Valley, and Imperial Valley-Miguel 500 kV lines are all a part of
10 the ISO Controlled Grid. See also Exh. No. ISO-35. In addition, ISO Market
11 Operations are performed for all transactions in the ISO Control Area and are
12 not limited to the ISO Controlled Grid.

13

14 **Q. MR. YARI CONTENDS THAT THE SWPL OWNERS DID NOT TURN OVER**
15 **OWNERSHIP RIGHTS TO THEIR ELEMENTS OF SWPL. EXH. NO. SDO-1**
16 **AT 6. IS THAT MATERIAL TO THE QUESTION OF WHETHER SWPL**
17 **ENERGY SHOULD BE ASSESSED THE MARKET OPERATIONS**
18 **COMPONENT OF THE GMC?**

19 A. No. Regardless of the ownership of the SWPL facilities, ISO market
20 operations are performed for all transactions into, in and out of the ISO

¹ The Transmission Registry is described in the Rebuttal Testimony of Dean Lyon, Exh. No. ISO-29.

1 Control Area and are not limited to transactions using the ISO Controlled
2 Grid.

3

4 **Q. WHAT IS YOUR RESPONSE TO MR. YARI'S CONTENTION (EXH. NO.**
5 **SDO-1 AT 10) THAT A 1998 FERC ORDER FORECLOSES THE ISO FROM**
6 **ASSESSING CHARGES ON ENTITIES THAT HAVE NOT TURNED OVER**
7 **THEIR FACILITIES TO THE ISO?**

8 A. The FERC order referenced by Mr. Yari² does not support his contention,
9 because it specifically reserves for the GMC proceeding the issue of "whether
10 the GMC should apply to entities that deliver energy over facilities that are not
11 part of the ISO Controlled Grid, but which are within the ISO Control Area."
12 82 FERC at 62,241. My attorneys inform me that the issues of the GMC
13 proceeding referenced in the 1998 Order, the proceeding in Docket No.
14 ER98-211-000, remain unresolved in the instant proceeding because the
15 original GMC proceeding was resolved through a Settlement Agreement.

16

17 Moreover, the 1998 Order deals with a bundled GMC, in which entities would
18 be charged for all ISO GMC costs. The 2001 assessment on SWPL Energy
19 is for the Market Operations Charge only, which is based on purchases and
20 sales made by Market Participants. Thus, the situation discussed in the 1998
21 Order is not parallel to assessment of the Market Operations Charge on
22 SWPL Energy.

1 **Q. DOES AN ENTITY HAVE TO BE A PART OF THE ISO CONTROLLED**
2 **GRID TO BE ASSESSED THE MARKET OPERATIONS CHARGE?**

3 A. No. Any entity that participates in the ISO's markets, by either buying or
4 selling, is assessed the Market Operations Charge. That being the case, Mr.
5 Yari's arguments regarding use of the ISO Controlled Grid, while factually
6 incorrect, also are irrelevant to the question of whether SWPL Energy ought
7 to be assessed the Market Operations Charge.

8

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes it does.

² *California Independent System Operator Corporation*, 82 FERC ¶ 61,312 (1998) ("the 1998 Order").