

Attachment G – Requires Resolution by the Commission

ISSUE, INTERVENOR & CITE

ISSUE #	ISSUE, INTERVENOR & CITE
2.	<p>The ISO has not fully explained what an entity needs to do in order to operate as a Metered Subsystem. Numerous Intervenors.</p> <p>Intent of the Metered Subsystem definition needs to be clarified. Turlock I at 16-17.</p> <p>Sections 2.5.20.5.1, 2.5.24, 2.5.8 and 2.2.3.3 of the Tariff pertaining to the MSS require clarification. Turlock II at 8-10.</p> <p>The definition of Metered Subsystem (“MSS”) must recognize and provide for “Literal Self-Provision of Ancillary Services and the bidding and sale of Ancillary Services and Energy to the PX and ISO from a system unit.” Furthermore, the Commission should reject the ISO’s proposal which conditions a MSS on operating “in accordance with Existing Contracts and an Existing Operating Agreement.” Such a requirement could potentially preclude SMUD from operating under Existing Contracts, and thus prevent SMUD from being a MSS. SMUD II at 12-13.</p> <p>Section 2.5.20 - What constitutes a metered subsystem? To what extent do MSS deviate from market. PG&E.</p> <p>Metered Subsystem (MSS). The creation of an MSS has been strongly supported by Los Angeles and many other parties throughout the WEPEX proceedings. The Commission has also stressed the importance of creating a workable MSS. Los Angeles urges the ISO to move forward with the development of an expansive MSS program that functions seamlessly within the ISO’s legitimate operational requirements. No matter what the final construct of the MSS program may be, certain definitional revisions are necessary. The definition of an Existing Operating Agreement should be revised to eliminate the requirement that the agreement be entered into “prior to the ISO Operations Date.” Also, the definition of an MSS should be modified to eliminate the requirement that a control area operator operate its system in accordance with an Existing Contract. LADWP Comments in EC96-19-029 and ER96-1663-030.</p>

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12.	<p>Scheduling Protocol sections 3.2.6.3 and 3.2.8.3: The protocol requires the ISO to invalidate a Submittal for all Settlement Periods of the relevant Trading Day if the Submittal for any one Settlement Period is invalid. There is no technical reason for requiring that all periods be invalidated and the result is unreasonable and punitive. BPA I Table 3 at 2.</p> <p>There is no justification for rejecting submittals for an entire Trading Day due to a technical defect in a submittal for one Settlement Period. Sections 3.2.6.3 and 3.2.8.3 should be modified. Southern Cities I at 17.</p> <p>The consequences of invalidation of an SC's "submittal" for all Settlement Periods of the Trading Day (SP sections 3.2.6.3, 3.2.8.3 and 3.3.1.3) should be explained. TANC I Appendix A at 1.</p> <p>SP 3.2.6.3: The ISO has provided no justification for a broad invalidation of all Settlement Periods, when a submittal is invalidated for a single Settlement Period. Implementation of this invalidation provision in the complex, multi-product ISO market contributes to the lack of liquidity in the market, and creates a major barrier to entry. As such, it should be rejected. ECI compliance filing protest at 28.</p> <p>Existing Contracts would be abrogated if the ISO could excuse failure to perform on the grounds that a Scheduling Coordinator failed to submit a schedule in proper form. TANC Rehearing.</p> <p>The provision in SBP 3.4, which provides that a Scheduling Coordinator error in the denomination of the reference number for an Existing Contract results in the schedule being treated as a new firm use, unreasonably exposes Existing Rightsholders to extra-contractual costs and is inconsistent with the commitment to honor Existing Contracts. Metropolitan Amendment No. 7 Rehearing Request at 21-23.</p> <p>Section 2.5.20.5.1 of the Tariff should be rejected. There is no reason for rejecting an entire day's schedules for self provision of Ancillary Services due to a technical defect in the information submitted for just one hour. Southern Cities I at 19-20.</p> <p>Day-Ahead Schedule. Proposed Section 2.5.20.5.1 would penalize a Scheduling Coordinator for <u>all</u> Settlement Periods in a Trading Day for failure to submit a valid schedule pertaining to the self-providing of <u>any</u> ancillary service schedule in <u>any</u> hour of that day. It is unreasonable to refuse appropriately scheduled ancillary service due to the fact that an invalid schedule was submitted for a single hour. LADWP Comments in EC96-19-029 and ER96-1663-030.</p> <p>Appendix K, Addressing Scheduling Mechanisms, Should Not Be Removed By Way Of Clarification While Issues Of Curtailment Priorities For Existing Contracts Remain Unresolved. The ISO should comply with FERC rulings requiring that Existing Contracts be honored. Contract Reference Number requirements and related rules are currently unworkable. ER98-3760, Intervention, Comments & Protest of DWR, p 4 filed 08/17/1998.</p>
49.	Section 4.2.2 of the DP should provide for access to ISO voice recordings by entities receiving Dispatch Instructions. Southern Cities I at 18.
59.	The review period for Preliminary Settlement Statements should be extended to one month and the Tariff should reflect that failure to identify a billing error does not preclude an SC's right to challenge the bill until the expiration of any relevant statute of limitations. Cities/M-S-R 12/4/97 at 16-17.

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64.	<p>There is a lack of appropriate restraints on the ISO's ability to monitor and take action against allegedly anticompetitive behavior through its MMIP. Section 2 of the MMIP lists an overly broad range of "anomalous market behavior" that is subject to scrutiny. This allows the ISO to act with impunity, potentially harming a participant, yet remain free from liability. Due process provisions need to be put in place. Protest of Enron Power Marketing, Inc. ("Enron"), Docket Nos. EC96-19-008 and ER96-1663-009, filed November 21, 1997 ("Enron I"). Enron I at 2.</p> <p>MMIP is overbroad and vague. BPA I at 16-20.</p> <p>Section 2 of the ISO Market Monitoring and Information Protocol sets forth the practices subject to the scrutiny of the ISO. Rather than including only abusive market behavior, the practices listed include overly broad procedures, which could result in the exercise of abuse and harassment by the ISO for normal market behavior. In order to protect market participants from such behavior, the Commission should direct the ISO to modify its ISO Market Monitoring and Information Protocol to limit the behavior subject to scrutiny by the ISO to only abusive market behavior. In this way, the ISO will be limited to monitoring behavior involving an abuse of market power. ECl compliance filing protest at 37-39.</p>
65.	<p>Section 2.3.2 of the MMIP allows the ISO to "publicize such activities or behavior and its recommendations thereof, in whatever medium it believes most appropriate." The ISO should not publicize its investigations and label a participant as engaging in anticompetitive behavior before an official enforcement action has begun. Enron I at 2-3.</p>
66.	<p>Section 4.5.2 of the MMIP is objectionable because a participant that fails to comply with arbitrary and possibly unreasonable demands from the ISO for information is subject to sanctions. Safeguards must be placed against discovery abuses by the ISO. Otherwise, the ISO can wrongfully threaten participants to reveal information. Enron I at 3.</p> <p>Section 4.5.1 of the ISO Market Monitoring and Information Protocol provides that the Market Surveillance Unit, rather than relying primarily on data that are publicly available and gathered in the normal course of business in carrying out its monitoring responsibilities, "may request the submission of any information or data determined by the Market Surveillance Unit to be potentially relevant by ISO participants, the PX or other entities whose activities may affect the operation of the ISO market." The language of this provision must be refined, at a minimum, to make clear that any information sought from a market participant must be reasonably related to a specified event identified by the Market Surveillance Unit in its information request, and that, in advancing such request, the Market Surveillance Unit will abide by a policy of requesting only that information as it deems <u>essential</u> to its investigation of that event. ECl compliance filing protest at 35-36.</p>
70.	<p>Section 2.5.24 states that the ISO has the authority to suspend Metered Subsystem control and to direct the operation of the Metered Subsystem's units, if necessary to maintain Grid reliability. This language is overbroad and the ISO's authority to suspend Metered Subsystem's control and to place its units under the ISO control should be limited to time of emergencies only. Motion to Intervene and Comments of Turlock Irrigation District ("Turlock"), Docket Nos. EC96-19-008 and ER96-1663-009, filed November 21, 1997 ("Turlock I") at 15.</p>
71.	<p>It is not clear why the ISO is proposing to amend the Metered Subsystem Regulation Error provision. Turlock I at 15.</p>
73.	<p>The proposal to modify Sections 2.5.3.2 and 2.5.20.1 of the Tariff fails to recognize other firm purchases. Utilities purchasing firm power will now be required to carry Operating Reserves for those purchases. Protest and Request for Clarification on the Standard of Review for This Filing by the Sacramento Municipal Utility District ("SMUD"), Docket Nos. EC96-19-008 and ER96-1663-009, filed November 21, 1997 ("SMUD I") at 8.</p> <p>The ISO has not complied with FERC's instructions to credit scheduling coordinators for operating reserves when they purchase firm energy from outside the control area. Enron III at 29-30.</p>
75.	<p>Amendment to Section 2.5.24 is objectionable. Previously, the section states that "the ISO shall monitor the provision of Regulation from a MSS" via a MSRE. Now, the "ISO shall monitor the performance of a MSS via a MSRE." This amendment gives the ISO unfettered authority to suspend MSS operations if it determines that (i) it is necessary to maintain reliability or (ii) if the MSS does not conform with Good Utility Practice. This change is inconsistent with Section 5 of the Tariff in addition to allowing the ISO to act unrestrained in non-emergency situations. SMUD I at 10.</p>
79.	<p>Proposed amendment to Section 7.3.2 deletes reference to the Grid Operations Charge – IntraZonal Congestion – but fails to reflect that certain Scheduling Coordinators will not be providing Adjustment bids such that the ISO will be using them to manage IntraZonal Congestion. SMUD suggests new language. SMUD I at 14-15.</p>
90.	<p>The ISO must continue to develop its protocols, and accelerate that development if necessary, in order to provide market Participants the ability to trade through more than one Scheduling Coordinator. Motion to Intervene and Protest of Electric Clearinghouse Inc. ("ECI") on October 31, 1997 Submittals, Docket Nos. EC96-19-006, et al., filed November 21, 1997 ("ECI I") at 6.</p>

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115.	Section 9.9 of the SP should provide for information regarding Ancillary Services under Existing Contracts to be set forth in the operating instructions to be developed jointly by the RPTO and the Existing Contract rights holder. In addition, the SP should clarify what is necessary to account for the “differences” between Ancillary Services requirements in an Existing Contract and those in the SP. TANC I Appendix A at 3.
116.	Section 10.3 of the SP, addressing Congestion Management and Congestion pricing, do not appear to be sufficiently detailed. TANC I Appendix A at 3.
124.	Sections 3.3.5.1, 3.3.5.2 and 3.4 of the SBP should be revised to provide for parties other than RPTOs to submit operating instructions, as provided in SBP 3.2. TANC I Appendix A at 5.
125.	Section 3.3.5.2 of the SBP should ensure that the ISO will notify an Existing Rights holder, as well as a PTO, of any perceived problem with operating instructions submitted to the ISO so that it may take appropriate actions, both on its system to preserve reliability and under its contract to preserve its rights. In addition, the section should be revised to limit the ISO discretion to reject revised operating instructions and to delay as long as 7 days in implementing those instructions. TANC I Appendix A at 5.
132.	Section 2.1.1(b) of the ASRP should be deleted. Once the ISO has established its Ancillary Services standards, it should only adjust them in an emergency. TANC I Appendix A at 8.
140.	The powers and authority of the ISO (as discussed in the MP) in the event of a party’s failure to comply with the ISO’s audit or test procedures should set forth in the MP to ensure the consistency of application. TANC I Appendix A at 9.
161.	Section 4.4.2 of the SABP and the time for notifying the ISO of a billing dispute and the process for disputes should not require the submittal of “all available evidence” with the notification. Such evidence can be provided in the ISO’s ADR process. TANC I Appendix A at 14.
197.	Tariff Amendment No. 6: New section 24 regarding physical restraints on schedules proposed by the ISO should be a permanent provision. Metropolitan IV at 11. Tariff Amendment No. 6. The ISO tariff rule regarding physical feasibility of schedules should not be implemented. The proposed ISO rule would require a major PX tariff revision, and it is not feasible for the PX to accommodate the ISO’s scheduling rule. California PX protest filed April 14, 1998 at 6-8.
198.	Tariff Amendment No. 6: the proposed changes regarding Overgeneration Management are inconsistent with prior orders and are discriminatory. Numerous intervenors in Docket Nos. EC96-19-021 and ER96-1663-022 (each filed April 9, 1998), including: Motion to Intervene and Protest of Enron Power Marketing, Inc. (“Enron II”); Protest, Motion to Reject, In Part, and Request for Hearing of the Transmission Agency of Northern California (“TANC III”); Protest of the California Department of Water Resources to Amendment 6 (“DWR III”); and Motion to Intervene of Turlock Irrigation District (“Turlock III”). Metropolitan IV at 12-15, Enron II at 10-11, TANC III at 3-5, DWR III at 2-3, Turlock III at 3, Cities at 5-7. Tariff Amendment No. 6: The Overgeneration proposal does not comply with FERC’s October 30 directive that Scheduling Coordinators address their own Overgeneration problems. Protest by the Sacramento Municipal Utility District to Amendment No. 6 of the ISO Operating Agreement and Tariff, Docket Nos. EC96-19-021 and ER96-1663-022, filed April 9, 1998, (“SMUD II”) at 3. Overgeneration Issues Should Not Impinge Upon Existing Contracts. EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 41 filed 08/05/1998.
199.	Tariff Amendment No. 6: The proposed changes to give load an implicit priority in congestion management violate the terms of existing contracts, are inconsistent with FERC orders and must be rejected. Metropolitan IV at 16, TANC III at 5-6, Motion to Reject, In Part, Protest and Request for Hearing Regarding Amendment No. 6 to the ISO Operating Agreement and Tariff Submitted on Behalf of the Cities of Redding and Santa Clara, California, and the M-S-R Public Power Agency, Docket Nos. EC96-19-021 and ER96-1663-022, filed April 9, 1998 (“Cities/M-S-R 4/9/98”) at 7. ISO Tariff Provisions That Give Load An Implicit Priority In Congestion Management Violate Existing Contracts, Are Inconsistent With Commission Orders, And Must Be Rejected. EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 39 filed 08/05/1998.

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205.	<p>Tariff Amendment No. 6: The proposed DUC requires more explanation regarding how the ISO will operate the Usage Charge plan and set the applicable floor and ceiling of the DUC. Motion to Intervene of Houston Industries Power Generation, Inc., Docket Nos. EC96-19-021 and ER96-1663-022, filed April 9, 1998 (“HIPG”) at 6.</p> <p>Tariff Amendment No. 6: The DUC proposal is unreasonable and will not address the PX’s gaming problems. Enron II at 5-6, DWR III at 4.</p> <p>Tariff Amendment No. 6: The DUC proposal is discriminatory against non-incumbent users of the ISO Grid, which do not have the ability to submit Adjustment Bids. Enron II at 7.</p> <p>Tariff Amendment No. 6: The DUC proposal is inconsistent with the agreed-on policy that Scheduling Coordinators seeking to use the ISO’s grid for bilateral transactions outside the PX should not be mandated to submit adjustment bids. Enron II at 3.</p> <p>Tariff Amendment No. 6. The ISO’s tariff lacks sufficient detail to determine precisely how the Default Usage Charge (DUC) will be implemented and is subject to interpretations which produce inappropriately high DUCs. Attachment 1 to the PX protest proposes an implementation which would result in an efficient DUC. PX at 8-9 and Attachment 1.</p>
213.	<p>Tariff Amendment No. 6: ISO should submit proposed procedures for selecting which resources will be the target of mandatory schedule reductions under Section 2.3.4.5. Enron II at 11-12.</p>
228.	<p>Tariff Amendment No. 6: Commission should confirm that the ISO has control over Generating Units which are not associated with the ISO Controlled Grid or are not operated by an ISO participant only to the extent that such non-participants’ contracts or other arrangements allow the ISO to assert such control in a System Emergency. Cities/M-S-R 4/9/98 at 4-5.</p>
245.	<p>A double standard arises in that Section 5 of the ISO Tariff requires a PGA for schedulers of Ancillary Services from within the ISO Controlled Grid, but Amendment No. 10 does not require a PGA for generation provided from outside the ISO Control Area; if utilities outside the ISO Control Area do not need a PGA for scheduling System Resources, then neither do utilities that would be scheduling into the ISO Control Area at their interconnections with the ISO Controlled Grid. TID 7/30/98 at 3-4.</p> <p>Several of the MSS provisions of the ISO Tariff require clarification, including whether a utility can sell Ancillary Services as a System Unit if it is operating under its Interconnection Agreement and the meaning of “self provide” in section 2.5.20.3. Turlock II at 6-8.</p>
251.	<p>The right of the ISO pursuant to Section 2.4.4.5.1.6 to use Existing Rights and Non-Converted Rights that have not been scheduled by the start of the ISO’s Hour-Ahead Scheduling process should be stricken if such a requirement is inconsistent with the Existing Rights or Non-Converted Rights. SMUD II at 6</p> <p>Sections 7.4.4, 7.5, 7.5.1 and 7.5.2 of the SP are confusing in the apparently conflicting attempts to preserve Existing Contract rights that give parties scheduling flexibility after the close of the ISO’s Hour-Ahead scheduling process while simultaneously treating those rights as "available for the ISO’s uses." The proposed treatment of any use of such Existing Contract scheduling flexibility as giving rise to Imbalance Energy deviations to be priced and accounted to the SC for that rights holder is unwarranted. TANC I Appendix A at 3.</p> <p>ISO Tariff § 2.4.4.5.1.6: The second sentence is inconsistent with the Commission’s ruling that the ISO must honor flexible scheduling rights, 81 FERC at page 61,471, and it must be deleted. Southern Cities</p> <p>ISO Tariff §2.4.4.5.1.6: The final sentence must be deleted because it is inconsistent with the Commission’s directive in its October 30th Order that the ISO must honor flexible scheduling rights. Comments of Southern Cities on the June 1, 1998 Compliance Filing, Dockets Nos. EC96-19-029 and ER96-1663-030, August 5, 1998, at page 9.</p> <p>SP 7.4.4 provides that the ISO will adjust total transfer of Inter-Zonal Interfaces for firm Existing Rights and firm Non-Converted Rights. This provision runs counter to the contractual provisions for a majority of the holders of Existing Contracts, inasmuch as such right holders can schedule up to 20 minutes before the operating hour, the ISO’s market is two hours prior to the beginning of the operating hour. ECl compliance filing protest at 29.</p>

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294.	<p>The ISO's prohibition on portfolio bidding for inter-zonal access, ancillary services, and supplemental energy discriminates against in-area non-incumbents and creates inefficiencies in the market. In addition, the ISO's zonal model is unnecessarily complex and hinders the operation of the market. CCEM 7/23/97 comments in EC96-19-003, et al. ("CCEM I"); Enron</p> <p>Market Participants should be able to bid from portfolios, consistent with FERC's directive on Metered Subsystems. ECI Rehearing.</p>
295.	<p>All Schedule Coordinators - not just incumbents - should be able to operate metered subsystems. CCEM 6/6/97 filing in EC96-19-003, et al. ("CCEM II") at 29-30.</p>
298.	<p>The ISO should treat all resources within a zone on a zonal basis – all resources within a zone should be treated identically for purposes of interzonal rights allocation, supplemental energy, and ancillary services – but the ISO software does not do this. CCEM 9/2/97 filing in Docket Nos. EC96-19-003, et al ("CCEM III") at 17-21</p>
305.	<p>ISO Tariff §13.3.5.1: The last sentence affords arbitrators too much discretion to create agreements. The traditional role of arbitrators is to interpret contracts, not create new ones. It is inappropriate to grant an arbitrator authority to impose an obligation that has never been agreed upon. Southern Cities</p>
309.	<p>Settlement and Billing Protocol §6.9 (c): Default Amounts that cannot be recovered should be recovered by the ISO through the Grid Management Charge. There is no apparent justification for shifting responsibility for Default Amounts on the basis of proportional amounts that happened to be owed by ISO Debtors or due to ISO Creditors on the Payment Date that the default occurred. Uncollectable debts are a cost of doing business that should be recovered in the same manner as other ISO costs of doing business. Southern Cities</p>
317.	<p>The ISO's use of Adjustment Bids in SBP 4.6 to establish the relative priorities of transmission service for Existing Contracts and other types of transactions is inappropriate and lends itself to the ISO unilaterally modifying the terms and conditions of Existing Contracts. Metropolitan.</p> <p>Amendment 7 should not be permitted to assign differing, unexplained implicit adjustment bid values to existing contract rights. Docket Nos. EC96-19-023, Protest of DWR to Amendment 7, p. 4 filed May 1, 1998; EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 40 filed 08/05/1998.</p>
318.	<p>Section 2.4.4.4.5 terms governing the resolution of differences in the treatment of Transmission Losses and Ancillary Services under an Existing Contract and the ISO Tariff bilaterally or through the relevant TO Tariff is objectionable. Implies that an Existing Rightsholder will be responsible for payment of additional rates or charges not contemplated by the Existing Contract. Also implies that holder of Existing Rights under an Existing Contract may be subject to the relevant TO Tariff and also may result in the ISO's interference with rights and obligations of Existing Contracts in violation of the October 30 Order. Metropolitan.</p> <p>Rather than leaving the responsibility for losses under an Existing Contract to the PTO, the SP section 4.3 should provide for losses to be specified in the operating instructions to be developed jointly by the PTO and the Existing Contract rights holder. Moreover, the section should indicate how the ISO will determine for such difference in losses its "mechanism acceptable to the PTO to roll any associated shortfall or surplus into the ISO rates and charges applicable to the PTO" in accordance with Section 2.4.4.4.5 of the ISO Tariff. TANC I Appendix A at 2.</p> <p>Section 2.4.4.4.5 of the Tariff is inconsistent with Section 2.4.4.4.3. TANC I at 33.</p> <p>Amendment to Section 2.4.4.4.5 of the Tariff suggests that the holder of Existing Rights under an Existing Contract may be subject "to the relevant ISO Tariff," presumably of the PTO which is a party to the Existing Contract. Until and unless a party to an Existing Contract converts its rights and becomes a PTO, the TO Tariff will not be applicable to that party. TANC I at 33-34.</p>
321.	<p>The ISO's allocation of Unaccounted for Energy Losses to wholesale customers, through Section 11.2.4.3 of the ISO Tariff, improperly shifts distribution-related costs to wholesale customers. Comments and Protest of The Metropolitan Water District of Southern California to the August 15, 1997 Compliance Filing of the California Independent System Operator Corporation, Docket Nos. EC96-19-003, et al., filed September 2, 1997. ("Metropolitan's 9/ 2 Comments") at 51-52.</p>
351.	<p>The ISO Tariff should expressly recognize different priorities for firm service under Existing Contracts on Path. 15, for purposes of allocating constrained capacity and for purposes of allocating Usage and Wheeling Revenues for PTOs who have converted their Existing Contracts. Comments of the California Department of Water Resources, Docket Nos. EC96-19 et al, p 53, filed June 6, 1997; Comments of the California Department of Water Resources, Docket Nos. EC96-19, et al., filed September 2, 1997; Protest of the California Department of Water Resources, Docket Nos. EC96-19, et al., filed March 12, 1998; Protest of the California Department of Water Resources to Amendment 7, Docket Nos. EC96-19 et al., filed May 1, 1998; Comments of the California Department of Water Resources to Amendment 9, Docket No. ER98-3594, filed July 20, 1998; EC96-19-029 & ER96-1663-030, Comments and Protest of</p>

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	DWR, p. 44 filed 08/05/1998.
362.	Unaccounted For Energy (UFE) losses should not be assigned to scheduling coordinators with ISO Grid level loads. Additionally, UFE components should be unbundled. EC96-19, et al., Comments of DWR, p. 41, filed 09/02/1997; EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 13-16 filed 08/05/1998
366.	<p>Overgeneration Issues Should Not Impinge Upon Existing Contracts; each Market Participant should 'bury its own dead." EC96-19, et al., Comments of DWR, pp. 79-82; EC96-19, et al., Comments of DWR, p.35-39 , filed 09/02/1997; EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 42 filed 08/05/1998</p> <p>Section 2.3.4.4 of the ISO Tariff must adopt a "bury your own dead approach" as mandated by the Commission in its October 30 Order, rather than place an even greater burden for resolving the Overgeneration problem on entities that are operating in load/resource balance, like SMUD. The ISO must not have authority under this provision which exceeds that provided in the existing SMUD-PG&E Interconnection Agreement. In addition, Overgeneration should be addressed in the day ahead market so as to minimize depletion of Adjustment Bids and the burden on real time operations. SMUD II at 14-16.</p> <p>Edison: All parties who contribute to Overgeneration conditions should bear the responsibility of alleviating the problem. Limited Request for Reh'g of PG&E, SDG&E, and Edison. (Filed 12/1/97 in EC96-19-005 and ER96-1663-006).</p>
371.	Tariff Amendment No. 7: The Commission should require the ISO to revise the "temporary rule" to impose a price cap for imbalance energy bids evaluated by the ISO's BEEP software, consistent with the Commission's order and various parties' requests for clarification. The temporary software rule cannot be used to establish a sales price cap on any generators called upon to provide imbalance energy services to the ISO. To the extent the ISO, contrary to its prior representations to the Commission seeks to maintain the "temporary" software rule, the Commission should require the ISO to eliminate the temporary rule when the requires software modifications are completed. HIPG 8/17/98 filing in Docket No. ER98-3760.
374.	Timing of Supplemental Energy Bids. Proposed Section 2.5.22.4.1 would eliminate the capability of market participants to withdraw supplemental energy bids that have not been accepted. The ISO's proposal would bind a generator to an ISO obligation without any compensation and limit the ability of suppliers to re-market energy that has not been accepted by the ISO, ultimately putting upward price pressure on supplemental energy bids. The Commission should reject the proposed changes to Section 2.5.22.4.1. LADWP Comments in EC96-19-029 and ER96-1663-030
397.	ISO to compute and provide additional information regarding the dispatch and usage charges that would have resulted in the absence of the "market separation constraint." TURN/UCAN 8/5/98 protest at 16-18.
398.	ISO to allow submission of adjustment bids with respect to inter-scheduling coordinator trades for purposes of congestion management. TURN/UCAN 8/5/98 protest at 19-20.
402.	The provisions on Unaccounted For Energy ("UFE") are ambiguous (e.g., including an unidentified critical term that appears repeatedly in the formula). There is no conceptual or factual basis for the ISO to charge Vernon for UFE costs associated with UFE attributable to Edison's service area. of which Vernon is not a component. Vernon ER98-3760 protest at 3-6.
423.	Section 11.2.4.1 - There are erros in the formula for UFE allocation because UFE does not account for the share of each SC at each demand metering point. PG&E 8/5 at 21.
436.	<p>The ISO failed to comply with the requirement to file Generation unit availability standards. TANC 8/5 Comments at 17-18.</p> <p>The ISO failed to comply with the requirement to file Generation unit availability standards. Metropolitan's 8/5 Comments at 14-16.</p>
437.	The ISO has failed to adopt and implement procedures for allocating transmission capacity on a pro-rata basis for each Scheduling Coordinator when the ISO reduces a Scheduling Coordinator's Generation due to insufficient transmission capacity. TANC 8/5 Comments at 19.
443.	Sections 2.3.1.2 and 2.3.1.2.2 of the ISO Tariff provide the ISO with much more authority than that set out in Section 2.3.1.1.3. TANC 8/5 Comments at 30.
444.	Section 2.3.2.7 of the ISO Tariff needs to be amended by adding "Participating" before term "Generator" to more accurately reflect the defined terms set out in the Master Definitions Supplement. TANC 8/5 Comments at 30.

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446.	<p>The amendment to Section 2.3.3.5.3 of the ISO Tariff appears to vitiate the usefulness of allowing an Operator to request an after-the-fact explanation of an ISO instruction and should be deleted. TANC 8/5 Comments at 30.</p> <p>ISO Tariff §2.3.3.5.3: The Commission’s October 30, 1997 Order required the ISO to modify §2.3.3.5.3 of the ISO Tariff to permit Operators of transmission facilities to request an after-the-fact explanation for an ISO instruction regarding a maintenance outage. The ISO’s proposed amendment, however, provides that the response to such a request for explanation would be given “for informational purposes only and without affecting in any way the finality or validity of the [ISO’s] determination.” Such a restriction is unnecessary and inappropriate. The Southern Cities and Azusa and Banning support the modification of the language for §2.3.3.5.3 suggested by the Turlock Irrigation District. Comments of Anaheim, Colton, and Riverside Azusa and Banning on the June 1, 1998 Compliance Filing, Dockets Nos. EC96-19-029 and ER96-1663-030, August 5, 1998, at page 2.</p>
448.	<p>In Sections 5.1.3, 5.2.1, 5.2.3, 5.3, 5.4 and 5.7.3 of the ISO Tariff, the ISO misuses terms defined in the Master Definitions Supplement. TANC 8/5 Comments at 31.</p>
459.	<p><u>Unaccounted for Energy (“UFE”)</u>: The ISO Tariff sections relating to UFE should be clarified to conform to the algorithms showing the UFE calculation. UFE should be calculated separately for all distribution systems, whether or not they have entered into a Utility Distribution Company Agreement with the ISO. Southern Cities</p>
461.	<p>Schedules and Bids Protocol §4: It is not clear why Adjustment Bids should not be transformed into Supplemental Energy bids. Furthermore, the Commission has made clear that Overgeneration problems should be dealt with by those Scheduling Coordinators (“SCs”), and only those SCs, that are creating or contributing to the Overgeneration condition. It is not clear that the use of Adjustment Bids as proposed in the language added to the end of SBP §4 is consistent with that principle. Comments of Anaheim, Azusa, Banning, Colton, and Riverside, California, Docket No. ER98-3760-000, August 17, 1998, at page 7.</p> <p>Adjustment Bids left standing after the close of the Hour-Ahead market should be converted into supplemental energy bids. TURN/UCAN 8/5/98 protest at 14-15.</p>
472.	<p>ISO Tariff §2.3.4.4: This section provides that the ISO can mitigate real time Overgeneration by requiring all SCs to make <i>pro rata</i> cuts in their Generation or imports. Thus, contrary to the Commission’s October 30th Order, 81 FERC at pages 61,525-526, SCs that have no part in creating an Overgeneration problem still may be burdened unfairly by the real time actions necessary to reduce Overgeneration. In order to comply fully with the Commission’s order that those who cause Overgeneration problems be responsible for alleviating those conditions, the ISO should develop a mechanism for charging the SCs that cause Overgeneration in real time and compensating those with balanced loads and resources for any redispatch costs incurred to assist the ISO in alleviating Overgeneration. Motion to Intervene, Protest, and Comments on Behalf of the Cities of Anaheim, Azusa, Banning, Colton, and Riverside, California, Docket No. ER98-3760-000, August 17, 1998, at page 10.</p>
473.	<p>ISO Tariff §10.6.6.2: The Commission’s October 30, 1997 Order required the ISO to amend §10.6.6.2 of the ISO Tariff to clarify the provisions for grandfathering the certification of existing metering arrangements for SC Metered Entities. 81 FERC at pages 61,515-516. The language of this section is unduly limited, because it would appear to grandfather existing metering arrangements only for End Use SC Metered Entities. Meters of <u>all</u> SC Metered Entities in place as of the ISO Operations Date should be deemed to be certified under the grandfathering provision, and this section should be amended to make that clear. Comments of Anaheim, Colton, and Riverside Azusa and Banning on the June 1, 1998 Compliance Filing, Dockets Nos. EC96-19-029 and ER96-1663-030, August 5, 1998, at page 4.</p>
491.	<p>The ISO is not following its tariff in its acquisition and dispatch of ancillary services and imbalance energy and its use of “out of market” purchases and sales of energy, but instead uses extra-tariff criteria. Enron III at 23-24.</p>
492.	<p>The ISO’s failure to permit discounting in its wheeling-out rates results in transmission service that is substantively worse than the quality of transmission service contemplated by Order No. 888. Enron III at 19.</p>
493.	<p>The ISO’s use of ex post GMMs is harmful to the market. Enron III at 22-23.</p>
494.	<p>The ISO’s payments for “out of market” generation are punitive and non-compensatory. Enron III at 21-22.</p>

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504.	The ISO Tariff is devoid of discussion regarding the nature of a Scheduling Coordinator's obligation towards the Eligible Customer it serves. The Scheduling Coordinator acts as the agent for the Market Participants it represents, and thus owes a fiduciary responsibility towards them. A new Section 2.2.6.11 should be added to the ISO Tariff to address these responsibilities. Metropolitan's 8/5 Comments at 16-17.
507.	<p>Existing Rightsholders should not be required to pay the costs of Intra-Zonal Congestion Management through the Grid Operations Charge. Such a requirement is inconsistent with Section 2.4.4.4.4.1 of the ISO Tariff which specifically exempts Existing Rightsholders from the obligation to pay Usage Charges arising out of the exercise of those rights. Section 2.4.4.4.4.1 should be amended to include an exemption from payment of Grid Operations Charges. Metropolitan's 8/5 Comments at 24.</p> <p>ISO Tariff provisions must be modified to state clearly that existing rights holders will not be required to pay grid operations charges for intra-zonal congestion. EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, pp. 5-7, filed 08/05/1998.</p> <p>Existing Rightsholders should not be charged the Intra-Zonal Grid Operations Charges. EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p.6-7 filed 08/05/1998.</p>
534.	In its October 30 Order at 61,457, the Commission explicitly directed the ISO to include in its Tariff at Section 2.3.1.3.2 a reference to Section 5 of the Transmission Control Agreement ("TCA") placing limits on the ISO's ability to establish new reliability criteria. A review of the Compliance Tariff at page 33 shows only a general reference to the TCA, whereas the Commission ordered the ISO to reference Section 5 of the TCA which requires consultation with Participating TOs and other Market Participants. Comments of Redding, Santa Clara and Palo Alto and the M-S-R Public Power Agency, Docket Nos. EC96-19-029, et al., at 4, filed August 5, 1998 ("Cities/M-S-R 8/5/98").
536.	At page 61,478 of the October 30 Order, the Commission stated "...[W]e require that the ISO delete sections 2.5.22.8, 7.2.1.4.2, 7.2.4.1.3, 7.2.6.1, 7.2.6.1.1 through 7.2.6.1.6, 7.3.2 and 7.3.2.1" The ISO failed to delete Sections 2.5.22.8, 7.2.1.4.2 or 7.3.2. Cities/M-S-R 8/5/98 at 5-6.
537.	<p>At page 61,479 of the October 30 Order, the Commission ordered the ISO to make public the algorithm it uses to manage Inter-Zonal Congestion. Rather than making the algorithm publicly available, the ISO stated that the algorithm's model and software are proprietary information and that a description of the algorithm would be placed on the ISO Home Page. Cities/M-S-R 8/5/98 at 6-7.</p> <p>The ISO did not comply with the Commission's directive to "make publicly available the algorithm that it uses to manage Inter-Zonal Congestion." Metropolitan's 8/5 Comments at 10-11.</p> <p>The ISO has not complied with FERC's directive to make the ISO's congestion management software and database available. Enron III at 28-29.</p> <p>EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 8, filed 08/05/1998.</p> <p><u>Inter-Zonal Congestion Management Must Be Clearly And Publicly Explained.</u> EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 8, filed 08/05/1998.</p>
546.	Existing Contract provisions permitting netting of wheeling in and wheeling out transactions should be honored. EC96-19-029 & ER96-1663-030, Comments of DWR, filed 08/05/1998; EC96-19-029 & ER96-1663-030 Motion of DWR to Supplement the Record, filed 09/18/1998; EC96-19, et al., Comments of DWR, p. 35, filed 06/06/1997; EC96-19, et al., See also Comments of DWR, pp. 8-10, filed 09/02/1997
550.	Unaccounted For Energy charges attributable to utility distribution company activities should not be charged to ISO scheduling coordinators operating at ISO Grid levels. Also, UFE charges should be unbundled. EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 13-16 filed 08/05/1998.
558.	The ISO Should Be Required To Establish How Existing Contract Holders Will Be Paid Usage Charge And Wheeling Revenues Upon Conversion of the Rights. EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 22 filed 08/05/1998.
581.	Section 2.2.7.6 states that the ISO will honor all Existing Operating Agreements. An "Existing Operating Agreement" is defined as an agreement between the ISO and an entity operating a Metered Subsystem. See ISO Master Definitions Supplement. The ISO has failed to include a reference to Existing Contracts in this provision. Consistent with the Commission's October 30 Order, the ISO must modify this provision to include a statement that it will fully honor Existing Contracts. ECI compliance filing protest at 8.

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585.	Section 2.5.3.3 (e) provides that the ISO may determine the quantity of Replacement Reserve based on “such other factors affecting [the] ability of the ISO to maintain System Reliability as the ISO may from time to time determine.” Such a provision gives the ISO undue discretion to modify its procedures without regard to its Ancillary Services Requirements Protocol. The ISO should modify its Tariff to eliminate this provision. Alternatively, the ISO Commission should clarify that this provision is subordinate to the ISO’s Ancillary Services Requirements Protocol (specifically the Replacement Reserve Standards set forth in ASRP 6). ECI compliance filing protest at 9.
590.	<p>Section 2.5.22.8 provides that the ISO will adjust generation and load within the Zone to alleviate Intra-Zonal Congestion. Such adjustment will be made based on “Adjustment Bids available within the Zone.” It is unclear from this section which Adjustment Bids the ISO intends to use: Day-Ahead, Hour-Ahead or Supplemental Energy. As discussed above with respect to Section 2.5.22.5, Day-Ahead Adjustment Bids are based on the operating criteria and market assumptions at the time the bids are submitted, and do not reflect the Real Time Market. For this reason, ECI recommends the use of Supplemental Energy, as it is the bid submitted closest to the time of dispatch. This section should be modified to specify that the ISO will adjust generation to alleviate Intra-Zonal Congestion based on Supplemental Energy. ECI compliance filing protest at 10-11.</p> <p>DP 8.2. The ISO should not be permitted to use Adjustment Bids submitted in the Day-Ahead market for the real-time market. Such Day-Ahead Adjustment Bids are based on the operating criteria and market assumptions at the time the bids are submitted (See comments to Tariff Section 2.5.22.5). ECI compliance filing protest at 22.</p> <p>SP 11.3: Subsection (f) calls for the use of the merit order stack Energy to manage Intra-Zonal Congestion in real time after use of available Adjustment Bids. The use of Adjustment Bids from Day-Ahead and Hour-Ahead is inappropriate in the real-time because the Adjustment Bids were created using decision criteria that assigned specific operating parameters. Because these parameters <u>do not</u> carry over or hold true for the real-time operations of the market, this provision should be rejected. ECI compliance filing protest at 30.</p>
591.	Section 7.2.1.1 provides that “[c]ongestion occurs when there is insufficient transfer capacity to simultaneously implement all of the Preferred Schedules that Scheduling Coordinators submit to the ISO.” The ISO has modified this definition to exclude the use of Ancillary Services schedules in determining whether there is congestion. In order to avoid distortion of the system, the ISO must be required to run its congestion management program including Ancillary Services, as well as any transmission associated with Ancillary Services. Only in this way will the ISO have a complete picture of flows on the system prior to implementing its congestion management program. ECI compliance filing protest at 11.
593.	Section 7.2.5.2.6: The ISO has eliminated this section from its Tariff without explanation. The ISO provide an explanation for this removal, or reinstate the section. ECI compliance filing protest at 12.
595.	Section 7.3.2 describes the Grid Operations Charges for Intra-Zonal Congestion, and provides that the ISO may redispatch a Scheduling Coordinator’s resources. It is unclear where the ISO finds the authority to redispatch a generating unit except under a System Emergency. In order to ensure that the ISO remains a market facilitator, and not an economic dispatch facilitator, the ISO should clarify this section. ECI compliance filing protest at 12.

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597.	<p>Section 23.2.1 amends Section 2.5.22.4.1 to provide that Supplemental Energy Bids must be submitted to the ISO not later than 45 minutes, rather than 30 minutes, prior to the operating hour. The ISO has attempted to justify this change by claiming that it will accommodate offers of Supplemental Energy imported from sources located in other control areas. However, the ISO has failed to explain why such bids cannot be accommodated under the current 30-minute deadline, and it is administratively burdensome for market participants who trade in other areas of the country that have the standard 30 minute deadline. This proposed amendment must be rejected. Similar changes to the Dispatch Protocol at Section DP 3.2 should be rejected for the same reasons. ECI compliance filing protest at 13-14.</p> <p>DP 7.1 and 7.3 provide that Supplemental Energy Bids must be submitted no later than 30 minutes prior to the beginning of the Settlement Period. ECI supports this or any shorter time frame (down to 20 minutes prior to the beginning of the Settlement Period). This requirement, however, appears to be inconsistent with the 45-minute requirement now included in other sections of the Dispatch Protocol (See ISO Tariff, Section 23.3, modifying DP Section 3.2). As noted, ECI objects to the ISO's proposal to increase the advance notice required for Supplemental Energy Bids. Prior to this change, this process had been working well; the ISO has not justified any departure from the 30-minute time frame. As such, the ISO should not be permitted to push back the market. ECI compliance filing protest at 21.</p> <p>DP 8.6.2 (f). The ISO should not be permitted to use Day-Ahead Adjustment Bids for real-time market problems, as discussed above. In the interim, the ISO could use Imbalance Energy submitted 45 minutes prior to the hour. In the long term, the ISO should be required to publish such information and facilitate an open market to solve congestion. ECI compliance filing protest at 23.</p>
598.	<p>Section 23.2.1 (addressing Section 2.5.22.10 (f)) reserves the ISO's right to bypass a Scheduling Coordinator and communicate directly with a generator. One of the requirements of being a Scheduling Coordinator is 24-hour dispatch operations. As such, as long as the Scheduling Coordinator maintains its dispatch operations, the ISO should be prohibited from bypassing the Scheduling Coordinator and communicating directly with a generator. As a Scheduling Coordinator may be subject to penalties for a generator's failure to abide by the ISO's orders, it is extremely important that the Commission require the ISO to communicate with the Scheduling Coordinator. For the same reasons, the Commission should reject the ISO's proposed changes to Section DP 3.4.3 as well. ECI compliance filing protest at 14.</p>
599.	<p>Section 23.2.1 would delete certain language relating to the pricing of Imbalance Energy at Section 2.5.23.1. The current Tariff provides that Ex Post Prices will be based on the bid of the marginal Generating Units, Loads and System Resources dispatched by the ISO to reduce Demand or to increase or decrease Energy output in each BEEP Interval – "including resources that provide Imbalance Energy and Ancillary Services resources that increase or decrease Energy output or reduce Demand." The ISO proposes to remove the specific reference to resources that provide Imbalance Energy and Ancillary Services, explaining that its "clarification" is required based on Amendment No. 8. See Clarification Matrix, Item No. 66. The ISO must be required to further clarify its reasoning and intent behind the removal of this language. ECI compliance filing protest at 4.</p>
600.	<p>Section 23.2.1 (addressing changes to Section 2.5.23.1) adds a proviso that the ISO will follow its BEEP software "to the extent practical." The ISO should not be permitted to give itself such broad latitude to respond to dispatch instructions issued by BEEP software, inasmuch as there is an increased likelihood for discriminatory application of the undefined "practical" qualifier. This modification should be rejected. ECI compliance filing protest at 14-15.</p>

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601.	Section 23.2.1 also seeks to amend Section 2.5.23.2 of the Tariff, which covers the determination of Ex Post Prices for Imbalance Energy. These provisions have been implemented by the ISO in a manner that severely limits the ability of market participants to operate with full knowledge of how they will be compensated by the ISO for providing this service. The ISO proposes that, in each BEEP Interval, there can be two instructed prices – an incremental Ex Post Price and a decremental Ex Post Price. Because the ISO does not post these prices (and has stated that it will be unable to do so until July 1999), a Scheduling Coordinator providing this service has no confirmation of what it is to be paid until Preliminary Settlements are released 47 days after the trade date. Moreover, because no instructed price is ever posted, the Scheduling Coordinator has no way of validating the Preliminary Statement for instructed deviations once the information is finally released. The ISO should immediately implement the necessary changes to its software in order to make the prices associated with this instructed deviations available to market participants on a timely basis. ECI compliance filing protest at 15-16.
604.	Section 28 temporarily amends Section 2.5.22.5 (real-time dispatch) to allow the ISO to set a price level above which Energy Bids will be rejected. This provision is inconsistent with the Commission's decision regarding Amendment No. 7. There, FERC agreed with PG&E's requested clarification, which sought to ensure that the effect of the proposal would not be to prevent a unit that is actually called from receiving its bid price for any deliveries it actually makes. 83 FERC at 61,923. To that end, the Commission required the ISO to revise its proposal to make clear that "the price cap for units actually instructed by the ISO to generate imbalance energy" is to be the higher of (1) the highest price in the merit order stack called by the ISO, or (2) the then applicable bid price of any unit which actually received an instruction by the ISO and generated balancing energy. Id. The Commission reasoned that this clarification would ensure that a generator following the ISO's instructions would receive a rate at least equal to that unit's bid price, and noted further that the ISO's software price cap only affects the ISO's computer program. <u>It in no way establishes a sales price cap for any seller providing jurisdictional services to the ISO.</u> Id. at n.38 (emphasis added). This provision should be amended accordingly. ECI compliance filing protest at 17-18.
607.	DP 3.4.4 provides that the ISO may apply penalties, fines, or sanctions for a Scheduling Coordinator's failure to abide by the ISO's instructions. ECI objects to this provision. First, the ISO should be prohibited from imposing any penalties, fines or sanctions, until the such penalties, fines or sanctions have been filed with and approved by the Commission. Second, the ISO should be prohibited from imposing penalties, fines or sanctions as long as a generator is abiding by the terms of its contract with the ISO. Third, the ISO proposes to bypass the Scheduling Coordinator and communicate directly with the generator. In such instances, neither the Scheduling Coordinator nor the generator should be penalized. Lastly, the ISO appears to be attempting to expand in this section its penalty authority beyond Ancillary Service to the Supplemental Energy market. Such expansion of authority should not be permitted. ECI compliance filing protest at 20.
608.	DP 3.8.1 and 3.9.1 provide that the ISO will provide certain information regarding the status of the system to adjacent control areas. In order to ensure that all parties, including adjacent control areas, have access to the same information and are otherwise competing on a level playing field, the ISO should provide system status and Interconnection information to all market participants. To share such information with neighboring control areas only is discriminatory. ECI compliance filing protest at 20-21.
611.	DP 8.1.1 permits the ISO to dispatch generating units to meet real-time imbalances, to relieve congestion, and to ensure reliability. ECI objects to this provision. The ISO should not be permitted to issue a dispatch order for a generator unless a generator submitted a bid that has been accepted and the ISO has issued a Final Schedule. As the ISO does not know all of the economics associated with running a particular generator, it would be unjust and unreasonable to permit the ISO to have unlimited authority to dispatch a generator, unless the generator has entered into a contract with the ISO to provide such service. ECI compliance filing protest at 21-22.
615.	DP 8.6.3 (e): In order to protect the market from market manipulation, the ISO should be prohibited from viewing the Energy Bid prices when making dispatch decisions. Specifically, the BEEP stack process should simply assemble the bids in price order, and then provide this order to the ISO. In this way, the ISO can still dispatch based on economics, but its ability to discriminate based on the price bid will be eliminated. Given the ISO's history of market manipulation, the Commission should conceal price information from the ISO and require that it dispatch generation in the merit order of the BEEP stack. ECI compliance filing protest at 23-24.

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617.	<p>DP 9.1.1(e) permits the ISO to “control the output of Generating Units . . . scheduled to provide Ancillary Services or offering Supplemental Energy.” ECI objects to this provision. As the ISO has control over Final Schedules, physical control of the facilities is not needed. In order to protect the market from manipulation by the ISO, the ISO should be prohibited from controlling the output of generators unless the generator is providing Regulation, and there is an actual System Emergency, as required by ISO Tariff, Section 2.3.2.3. Outside of System Emergencies, generators should have control over whether they run their facilities, not the ISO. ECI compliance filing protest at 24-25.</p> <p>The authority of the ISO to direct the physical operation of the ISO Controlled Grid in DP 9.1.1(a) and (c) cannot be exercised in violation of the terms of an Existing Contract absent emergency conditions. Metropolitan I, Appendix A at 13.</p> <p>DP 9.5 grants the ISO broad authority to impose Dispatch Instructions upon generating units, and permits the ISO to sanction a generator for non-compliance. ECI objects. The ISO’s dispatch authority should be limited to dispatching units in the event of an actual System Emergency. ECI compliance filing protest at 25.</p>
621.	<p>DP 10.2.8: In order to protect the market from the abuses that could occur with respect to the calling of a System Warning or Emergency, the ISO should file reports notifying FERC whenever the ISO calls a System Warning or Emergency. This report should contain information regarding any out-of-market generators it was required to dispatch.. This is justified here because the ISO appears to be abusing its authority by calling these emergency conditions more frequently than prior to ISO operations. ECI compliance filing protest at 26.</p>
625.	<p>SP 5.3 calls for the ISO to decrement the Scheduling Coordinator’s scheduled Generation to accommodate the output of RMR units as part of the real time Intra-Zonal Congestion Management process. RMR units should not be utilized for Intra-Zonal Congestion. Market based mechanisms should be utilized to solve the Intra-Zonal problems – not units whose price signals never get sent to the market. This provision should be rejected, or at the very least, the ISO should clarify that it will utilize all market-based bids prior to accommodating upon RMR units. ECI compliance filing protest at 28.</p>
629.	<p>SP 11.2 details how sources of Imbalance Energy will be arranged in a merit order stack. For the reasons discussed in Section DP 8.6.3(e), information regarding the price of the stack should not be included in data provided to ISO dispatchers. ECI compliance filing protest at 30.</p>
634.	<p>Tariff Amendment No. 7: The ISO’s “temporary rule” to impose a price cap for imbalance energy bids evaluated by the ISO’s BEEP software cannot be used to bar generators from bidding above the price cap to supply imbalance energy. HIPG 5/1/98 filing in Docket Nos. EC96-19-023 and ER96-1663-024; Reh’g request filed 6/29/98; also 8/17/98 filing in ER98-3760.</p>
637.	<p>The Usage Charge component of the ISO Tariff’s transmission pricing proposal is inconsistent with extant Commission policy prohibiting “and” pricing. CCSF Request for Reh’g dated 12/1/97 in Docket Nos. EC96-19-001, etc. Commission order on R’hg 82 FERC ¶61,223 (March 4, 1998).</p>
639.	<p>ISO Tariff § 5.2.7.1 & 5.2.7.2 requires burdensome posting of financial security, causing Companies to bear unnecessary costs. Issue is expected to be resolved through must-run settlement process; if it is, this will no longer be an issue that merits further action. Request For Reh’g of Edison, PG&E, and SDG&E (Filed 1/16/98 in EC96-19-0013 and ER96-1663-014).</p>
643.	<p>Section 2.4.4.5.1.6 of the ISO Tariff inappropriately allows for appropriation of transmission capacity without payment of compensation. This is inconsistent with preservation of within-the-hour scheduling flexibility and could impair the interests of non-PTOs or Entitlements of Existing Rightsholders that were financed with tax-exempt bonds. TANC Rehearing</p> <p>The ISO should not utilize unused transmission capacity of Existing Rights holders without adequate compensation. Cities/M-S-R Rehearing 12/1/97 at 29-31.</p>

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644.	<p>Section 2.4.4.1.1 of the ISO Tariff improperly provides for default to the PTOs operating instructions to the ISO for an Existing Contract when those instructions are disputed by the party or parties to the Existing Contract. TANC Rehearing</p> <p>In the event of a dispute between a Participating TO and the holder of an Existing Right under an Existing Contract regarding operating instructions, the ISO should utilize the operating instructions which were in place prior to the dispute. Cities/M-S-R Rehearing 12/1/97 at 38.</p> <p>Sections 7.1.1, 7.3.1 and 7.4.1 of the SP should provide for information regarding Existing Contracts to be set forth in the operating instructions to be developed jointly by the RPTO and the Existing Contract rights holder. TANC I Appendix A at 2.</p>
645.	<p>The ISO Tariff contains an inconsistency between the computation of the Wheeling Access Charge and the disbursement of Wheeling Revenues, and contains differing provisions for disbursement of Wheeling Revenues (2.4.4.3.1 vs 7.1.4.3). TANC Rehearing; DWR 6/6/97 Comments in EC96-19, et al.</p>
646.	<p>The authority granted the ISO under its Tariff to control facilities of a UDC or MSS is excessive and inconsistent with the terms and conditions of Existing Contracts.</p> <p>TANC Rehearing.</p>
653.	<p>The ISO should increase the size of the Generating Units that must meet the requirements of Section 5.1.4 of the ISO Tariff to install and maintain equipment necessary to provide communications, telemetry and direct control by the ISO. Metropolitan’s Request for Rehearing or Clarification, Docket Nos. EC96-19-001, et al., at 16-18, filed December 1, 1997 (“Metropolitan 12/1 Rehearing Request”)</p> <p>Section 5.1.4 of the Compliance Tariff provides that, except in Emergencies, Generators which are 10 MW or smaller and sell all output to a UDC or a customer located on a UDC system shall be exempt from the provisions of Section 5 of the ISO Tariff. This exemption should be increased to 50 MW units and to those that have received siting approval by the California Energy Commission. Cities/M-S-R Rehearing 12/1/97 at 40-41.</p>
655.	<p>The ISO Tariff should be clarified to ensure that Unaccounted for Energy responsibility will be assigned to retail End-users to avoid improper cost shifting. Metropolitan 12/1 Rehearing Request at 20-22.</p>
661.	<p>If M-S-R were to become a Participating Transmission Owner (“Participating TO”), M-S-R’s share of the Mead-Adelanto Project may be turned over to the ISO’s Operational Control. However, due to the provisions governing the calculation of the Access Charge in the ISO Tariff, it appears that M-S-R will receive only Wheeling revenues as compensation for its facilities which could in no way approach the annual revenue requirement for these facilities. The Access Charge methodology should be modified. Cities /M-S-R Rehearing 12/1/97 at 14-17.</p>
662.	<p>Santa Clara and Palo Alto raised the issue of the mechanism for the establishment of a new Congestion Zones or the modification of current Congestion Zones. Santa Clara and Palo Alto both questioned the propriety of the five percent differential trigger for the establishment of new Congestion Zones and they urged that Commission approval be obtained prior to any modification to a Congestion Zone or the establishment of a new Congestion Zone. Cities/M-S-R Rehearing 12/1/97 at 17-26.</p>
664.	<p>The protection afforded tax exempt debt should apply to debt issued after December 20, 1995.</p> <p>Cities/M-S-R Rehearing 12/1/97 at 31-32.</p>
665.	<p>The definitions of Regulatory Must-Take Generation and Eligible Regulatory Must-Take Generation should be modified to ensure that all Must-Take units receive comparable treatment. Cities/M-S-R Rehearing 12/1/97 at 33-37.</p>

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668.	<p>Section 2.3.1.2.1 of the ISO Tariff requires full and prompt compliance by all Market Participants with all ISO operating orders except where such compliance would impair public health and safety. Since “Market Participant” is an extremely broad term which includes non-Participating TOs with Existing Contracts, this provision improperly grants the ISO broad authority over entities which are not a part of the ISO. Cities/M-S-R Rehearing 12/1/97 at 40.</p> <p>Section 2.3.1.2.1 of the ISO Tariff should be amended to limit the authority of the ISO to impose its operating orders on all Market Participants where such orders are in direct conflict with the operating procedures of a UDC or the terms and conditions of an Existing Contract. TANC Rehearing.</p>
675.	<p>Full grandfathering of all End-Use Meters of ISO Metered Entities could adversely affect the ability of the ISO to ensure system reliability. The ISO proposes an approach whereby it would assess the End-Use Meters and associated facilities of ISO Metered Entities on a case-by-case basis, requiring only certain of them to adhere to ISO metering and communication standards. ISO Request for Reh’g, etc. dated 12/1/97 in Docket Nos. EC96-19 and ER96-1663 at pp. 8-10.</p>
676.	<p>The limitations provided in §§ 14.1 and 14.2 of the ISO Tariff are appropriate under longstanding California utility law and historical FERC treatment of consequential damages. ISO Request for Reh’g, etc. dated 12/1/97 in Docket Nos. EC96-19 and ER96-1663 at pp. 10-16.</p>
677.	<p>The MSS definition included in the 3/31/97 ISO Tariff was intended to be a vehicle to respect existing operational capabilities for Existing Rightsholders with appropriately metered subsystems so that they could bid Ancillary Services on a portfolio basis - the ISO never intended that new MSS should be created merely by allowing operators or SCs to acquire the physical assets or associated contract rights. The ISO requested clarification that it could limit MSS status to those with Existing Operator Agreements. ISO Request for Reh’g, etc. dated 12/1/97 in Docket Nos. EC96-19 and ER96-1663 at pp. 27-31.</p>