

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

**Reliant Energy Etiwanda, LLC**

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**Docket No. ER99-4398-000**

**MOTION TO INTERVENE OUT OF TIME  
AND STATEMENT OF SUPPORT  
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. §§ 385.212, 385.214, and the Commission’s November 16, 1999, Notice of Filing, the California Independent System Operator Corporation (“ISO”) hereby moves to intervene in the above-captioned proceeding two days out-of-time and states its support for the filing. Counsel for Reliant Energy Etiwanda (“Reliant”) has authorized the ISO to state that Reliant does not oppose this Motion. In support of this Motion, the ISO states as follows:

**I. COMMUNICATIONS**

Please address communications concerning this filing to the following persons:

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## **II. BACKGROUND**

On September 8, 1999, Reliant tendered for filing with the Commission an executed Addendum to its Must-Run Service Agreement ("Agreement") with the ISO. The Addendum would provide the ISO with 44 MW of Local Area Reliability Service ("LARS"). On October 22, 1999, the Commission issued a deficiency letter regarding the filing, stating that Reliant had not defined the proposed service or provided support for the proposed rates. On November 4, 1999, Reliant amended its filing in response to the Commission's letter. The Commission's November 16, 1999, notice established a deadline of November 29, 1999, for interventions.

## **III. BASIS FOR MOTION TO INTERVENE**

The ISO is a non-profit public benefit corporation organized under the laws of the State of California and responsible for the reliable operation of a grid comprising the transmission systems of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company, as well as for the coordination of the competitive electricity market in California.

As a party to the contract that gives rise to this filing, the ISO has an interest in the proceeding that cannot adequately be represented by any other party. The ISO seeks to intervene only two days out-of-time. At this time, no procedural schedule has been established for this proceeding. Accordingly, no party will be prejudiced by granting this motion. In addition, Reliant's counsel has authorized the ISO to state that Reliant does not oppose the ISO's intervention at this time. The ISO therefore requests that it be permitted to intervene herein with full rights of a party.

## **IV. STATEMENT OF SUPPORT**

The ISO supports Commission approval of this filing. The ISO's selection of the additional capacity from the Reliant Etiwanda units that is included in the Addendum was the result of a competitive solicitation process through which the ISO determined that selection of the additional capacity was a cost-effective means to satisfy the ISO's LARS needs in the Eastern Los Angeles Basin.

The ISO determines its local reliability requirements on an annual basis. Under Section 5.2 of the ISO Tariff, the ISO may designate generation units to meet those needs, and may negotiate Reliability Must Run ("RMR") contracts with those units at cost-based rates.<sup>1</sup> There are many resources other than existing generation units capable of providing LARS, however, including transmission infrastructure improvements, load management programs, and new or modified generation. These resources may provide opportunities for cost savings and increased reliability.

Therefore, in order to expand the pool of resources available to the ISO for meeting reliability requirements, the ISO in the Fall of 1998 undertook a competitive procurement of LARS by issuing a Request for Proposals ("LARS RFP"). The ISO received 11 proposals, including 44 MW of additional capacity from the Etiwanda units. The Etiwanda units serve the Eastern portion of the LA Basin. The LA Basin is one of two local areas in which there were more generating units available than necessary to meet the ISO's LARS reliability criteria.

ISO Management evaluated all potential LARS candidates, including those responding to the LARS RFP and units that had already executed RMR contracts, to determine which units should be designated to provide LARS in 1999. ISO management

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<sup>1</sup> In 1998, the ISO procured RMR generation from 117 units. The rates, terms, and conditions of these cost-based services have been the result of lengthy litigation before the Commission.

employed the criteria specified in the LARS RFP to evaluate candidates, i.e., the ISO based the evaluation on cost efficiency considering the following constraints:

- Operating characteristics;
- Availability date;
- Willingness to sign the Pro Forma Must Run Agreement;
- Ability to provide services;
- Safety;
- Future impact on markets; and
- Environmental considerations.

Based on these considerations, the ISO determined that the additional 44 megawatts of capacity from the Etiwanda units that was included in the response to the Request for Proposals, in addition to the Etiwanda capacity already designated as RMR, was the most cost-efficient means of providing LARS in the Eastern LA Basin. The Addendum to the Etiwanda Must Run Agreement that is the subject of these proceedings reflects the considerations on which the ISO made its determination. The selection of the 44 MW allowed the ISO to terminate reliance on a previously designated RMR unit, reducing overall costs to California ratepayers.

The ISO believes that its competitive procurement initiative is a critical component of providing effective LARS and minimizing costs to California ratepayers. The 44 MW additional capacity from the Etiwanda units was selected in accordance with that process, and the addendum incorporates the terms that the ISO determined would best reduce cost while satisfying the ISO's local reliability requirements. The ISO therefore believes that the Addendum is just and reasonable.

## **V. CONCLUSION**

Wherefore, for the foregoing reasons, the ISO respectfully requests that the Commission permit it to intervene, and that it be accorded full party status in this proceeding. Further, the ISO urges Commission approval of the addendum to the Etiwanda Must-run Agreement that is the subject of this proceeding.

Respectfully submitted,

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Counsel for the California Independent  
System Operator Corporation

Date: December 1, 1999

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, on this 1<sup>st</sup> day of December, 1999.

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Michael E. Ward

December 1, 1999

The Honorable David P. Boergers  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Re: Reliant Energy Etiwanda, LLC  
Docket No. ER99-4398-000

Dear Secretary Boergers:

Enclosed for filing are one original and 14 copies of the Motion to Intervene of the California Independent System Operator Corporation in the above-identified proceeding. Two additional copies of the filing are also enclosed. Please stamp the two additional copies with the date and time filed and return them to the messenger.

Thank you for your assistance in this matter.

Respectfully submitted,

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