

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

**Californians for Renewable Energy, Inc.)
(CARE),)
Complainant,)
v.)
Independent Energy Producers, Inc. and)
All Sellers of Energy and Ancillary Services)
Into the Energy and Ancillary)
Services Markets Operated by the)
California Independent System Operator)
Corporation and the)
California Power Exchange;)
All Scheduling Coordinators Acting)
On behalf of the Above Sellers;)
California Independent System Operator)
Corporation; and)
California Power Exchange Corporation)
Respondents)**

Docket No. EL01-2-000

**ANSWER OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO AMENDED COMPLAINT OF
CALIFORNIANS FOR RENEWABLE ENERGY, INC.**

Pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2000), the California Independent System Operator Corporation ("ISO")¹ hereby submits its Answer to the amended

¹ Capitalized terms not otherwise defined herein shall have the meaning as defined in the Master Definitions Supplement, Appendix A to the ISO Tariff.

complaint of CALifornians for Renewable Energy, Inc. (“CARE”) filed in the above-captioned proceeding on October 31, 2000.

I. Background

CARE filed its initial complaint on October 6, 2000, alleging a conspiracy among the ISO, the PX, and Generators to create higher Energy prices and justify expanded power plant construction – and to do this in illegal disregard of the impact on low income and minority populations. As relief, CARE asked that the Commission: (1) make a determination of the just and reasonable levels of wholesale prices for Energy and Ancillary Services that are based on prior year costs of generation, with allowances for inflation and increased fuel costs, (2) make a determination of those charges in excess of what is just and reasonable and require refunds, (3) make findings that the events and circumstances surrounding the June 14, 2000, rolling outage warrant investigation by the United States Department of Justice (“DOJ”) of “trust activities in restraint of trade,” (4) make findings that those events and circumstances also warrant investigation by the DOJ of alleged civil rights violations, including an investigation into the identification of injury, loss of life, disability, or hospitalization associated with the outage, (5) seek criminal prosecutions for restraint of trade and civil rights violations, and (6) seek just compensation for those persons or entities allegedly damaged by such illegal activities. Complaint at 9-10. CARE also requested that the complaint be consolidated with the FERC investigation into the ISO and PX markets in Docket Nos. EL00-95-000, EL00-98-000 and EL00-104-000.

On October 31, 2000, CARE filed an “amendment” to its Complaint. The only additional factual allegation is that the ISO’s decision to lower to \$250 the cap on the price it is willing to pay for Energy exacerbated the problems plaguing the California electricity markets. CARE also expands and alters the relief it requests, including *inter alia* an order raising the price cap to \$1300 (in contrast to its initial request for cost-based rates) and an order directing the California Public Utility Commission to commence an prudence review of purchases by California’s public utilities.

On November 1, 2000, the Commission issued its Order in Docket Nos. EL00-95-000, *et al.*, *San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange*, 93 FERC ¶ 61,121 (2000). In its Order, the Commission addressed a number of complaints filed concerning the California markets. It did not, however, rule upon the CARE complaint. The Commission did, however, reject the ISO’s proposal to continue its rate cap authority beyond November 15, 2000.

II. Answer

The ISO has fully responded to CARE’s complaint in its Answer filed on October 26, 2000. No additional response is necessary. The only new factual allegation in CARE’s amended complaint concerns the ISO’s price caps. That allegation has been mooted by the Commission’s refusal to extend the ISO’s price cap authority. Some of the additional relief sought by CARE – directing the California Public Utility Commission to conduct an investigation – is beyond the

Commission's authority. CARE provides no justification for the remainder of the additional requested relief. In particular, CARE makes no showing whatsoever that a \$1300 price cap would produce just and reasonable rates under market conditions that the Commission has found "have caused, and continue to have the potential to cause, unjust and unreasonable rates for short-term energy...under certain conditions." *Id.* at 61,349. Accordingly, for the same reasons set forth in the ISO's Answer of October 26, 2000, CARE's complaint, as amended, should be dismissed summarily.

III. Communications

Communications regarding this docket should be sent to the following individuals, whose names should be entered on the official service list established by the Secretary for this proceeding:

Charles F. Robinson
General Counsel
Roger E. Smith
Senior Regulatory Counsel
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Telephone: (916) 608-7135
Telecopy: (916) 608-7296

Edward Berlin
Kenneth G. Jaffe
Michael E. Ward
Christine F. Ericson
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Washington, D.C. 20007
Telephone: (202) 424-7500
Telecopy: (202) 424-7643

IV. Conclusion

WHEREFORE, for the reasons discussed above, the Commission should summarily dismiss the CARE complaint, as amended.

Respectfully submitted,

Charles F. Robinson
General Counsel
Roger E. Smith
Senior Regulatory Counsel
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Telephone: (916) 608-7135
Telecopy: (916) 608-7296

Edward Berlin
Kenneth G. Jaffe
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Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Washington, D.C. 20007
Telephone: (202) 424-7500
Telecopy: (202) 424-7643

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