

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

California Independent System)
Operator Corporation) Docket No. ER06-615-002

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
JOINT QUARTERLY SEAMS REPORTS FOR THE
FIRST QUARTER OF 2009**

The California Independent System Operator Corporation (“ISO”) hereby submits joint quarterly reports with Imperial Irrigation District (“IID”) and Western Area Power Administration (“Western”) regarding bilateral discussions that took place during the first quarter of 2009 between the CAISO and neighboring Balancing Authorities related to seams issues¹ and the Transmission Exchange Agreement between the ISO and Western.² The ISO also reports on the meeting of the Western Electricity Coordinating Council (“WECC”) Seams Issues Subcommittee during the first quarter of 2009. In light of the launch of the ISO’s Market Redesign and Technology Upgrade, the ISO intends to file a motion to eliminate its quarterly reporting requirement on these issues.

¹ *California Independent System Operator Corp.* 116 FERC ¶ 61,274 (September 21, 2006) at P 490 in which the Commission directed “the CAISO and neighboring control areas to meet as needed to resolve seams between them” and to “jointly report on the progress of these efforts in quarterly status reports filed with the Commission within 30 days of the end of each calendar quarter.”

² *California Independent System Operator Corp.* 119 FERC ¶ 61,076 (April 20, 2007) at P. 224 in which the Commission provided that “[w]ith regard to the treatment of Western’s TEA under MRTU, Western states that it is in the process of setting up a meeting with the CAISO to address this issue. Therefore, we will not prejudge the outcome of these discussions at this point and will allow Western and the CAISO to attempt to resolve the issue in the first place. We direct the CAISO and Western to include in their joint quarterly seams report the status of their discussions on this issue.”

I. INTRODUCTION

In an effort to continue to resolve seams issues with adjacent Balancing Authorities, the ISO had discussions with IID during the first quarter of 2009 concerning an Adjacent Balancing Authority Operating Agreement ("ABAOAs") to address mandatory NERC and WECC Reliability Standards.³ The ISO also held discussions with Western concerning issues under the parties' Transmission Exchange Agreement. In the first quarter of 2009, representatives of the ISO attended a meeting with representatives of Balancing Authority Areas and other entities in the Western Interconnection under the auspices of the Seams Issues Subcommittee organized by WECC. The purpose of the Seams Issues Subcommittee is to identify and discuss seams issues that might exist today or might arise, which could affect the operation of interconnected Balancing Authority Areas in the Western Interconnection.

II. JOINT QUARTERLY REPORT PROCESS

The ISO has approached the effort to meet and report on seams issues with neighboring Balancing Authority Areas in a two-pronged fashion: (1) one-on-one meetings with neighboring Balancing Authority Areas, and (2) participation in WECC committee activities on regional issues.

In an attempt to fulfill the requirement for a joint reporting process on the meetings with neighboring Balancing Authority Areas, the ISO established what it

³ The Adjacent Balancing Authority Operating Agreement ("ABAOA") is specific to the mandatory NERC Reliability Standard EOP-001-0 that directs Balancing Authorities to have operating agreements in place with adjacent Balancing Authorities that, at a minimum, contain provisions for emergency assistance, including provisions to obtain emergency assistance from remote Balancing Authorities. The Interconnected Balancing Authority Area Operating Agreement ("IBAAOA") outlines operational responsibilities such as switching, operating limits, relays, voltage control, dynamic scheduling, security coordination, scheduling and dispatch, outage coordination and emergency operations.

views as an administratively simple process to ensure that the parties agree on the reports filed with the Commission. This process consists of the following steps.

- 1) At the time of a one-on-one meeting between the ISO and an adjacent Balancing Authority Area, the parties discuss the need for a joint report filing with the Commission and agree which party will prepare the first draft of the joint meeting report.
- 2) Within fourteen (14) calendar days following the end of the calendar quarter, the applicable party prepares the first draft of the meeting report and shares this with the meeting participants.
- 3) Within twenty-one (21) calendar days following the close of the calendar quarter the parties submit responsive comments to the entity that prepared the first draft of the meeting summary. Through any required iterations of modifications, the parties reach consensus that the summary may be filed as a joint report.⁴
- 4) At least one (1) day prior to filing the report with the Commission the ISO provides to each counterparty a copy of the full text of the joint quarterly seams report between the ISO and that counterparty.
- 5) The ISO then includes all joint reports in the next quarterly report to the Commission or any supplement to such quarterly report.

⁴ Should the ISO and the counterparty fail to reach a consensus on the summary, the ISO shall inform the Commission of this fact in its quarterly report. In such instances, nothing shall limit a party's right to provide additional information, comments or summaries to the Commission regarding seams discussions between the ISO and neighboring control areas.

With respect to the WECC meetings, the ISO works with the chairs of the relevant committees to obtain a copy of the draft minutes of WECC meetings to be filed with this quarterly status report.

III. JOINT REPORTS WITH OTHER BALANCING AUTHORITY AREAS AND WESTERN AREA POWER ADMINISTRATION

Attachment A to this filing includes joint reports between the ISO and IID and the ISO and Western.

IV. WECC SEAMS ACTIVITY

The ISO continues to work through and with the established WECC committees to identify and discuss potential seams issues. On February 3-4, 2009, the WECC Seams Issues Subcommittee of the WECC Market Interface Committee held a meeting in San Diego, California. **Attachment B** to this filing provides a link to the WECC website which contains a copy of the agenda for the WECC first quarter 2009 Seams Issues Subcommittee meeting that occurred on February 3-4, 2009 as well as the draft meeting minutes.

At the first quarter 2009 Seams Issues Subcommittee meeting, ISO representatives summarized the status of MRTU implementation and the modeling of the Sacramento Municipal Utility District and Turlock Irrigation District Integrated Balancing Authority Area pursuant to the Commission's September 18, 2008 Order. Other topics of discussion included 2009 goals for the Seams Issues Subcommittee, an update on the Area Control Error Diversity Initiative, policies related to unscheduled flow across Balancing Authority Area boundaries, and an update on

WECC standards for congestion management as well as other regional coordination issues.

V. CONCLUSION

Wherefore, the ISO respectfully requests that the Commission accept this quarterly seams status report.

Respectfully submitted,

/s/Andrew Ulmer

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Dated: April 30, 2009

ATTACHMENT A

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

Joint Report on Control Area Meeting between the ISO and Imperial Irrigation District

April 30, 2009

During the first quarter of 2009, representatives of the ISO and IID discussed an Adjacent Balancing Authority Operating Agreement (ABAOA) to meet the mandatory NERC Reliability Standard EOP-001 (Emergency Assistance) as well as metering and telemetry at the interconnections. On January 6, 2009, the ISO and IID held a discussion concerning the ABAOA via conference call. Subsequent to that call, the ISO and IID have exchanged comments on the draft ABAOA.

The ISO and IID did not discuss any seams issues that related to the launch of MRTU.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

**Joint Report on Transmission Exchange Agreement Issues between the ISO
and Western Area Power Administration**

April 30, 2009

Given the ISO's implementation of MRTU on April 1, 2009, the ISO and Western have changed the format of this Joint Report. The previous reports reflect activities and concerns related to implementing MRTU (pre-MRTU). Both the ISO's and Western's positions and concerns related to pre-MRTU activities are documented and preserved in existing correspondences, filings, and other records. Except as specifically stated, nothing in this report is an acknowledgement or a concession by either party that issues in the pre-MRTU reports have been satisfactorily resolved.

As it relates to post-MRTU activities, one of the primary issues which the ISO and Western continue to work together to administer and implement is the Transmission Exchange Agreement.

During the first quarter of 2009, the ISO and Western held discussions concerning the Transmission Exchange Agreement between the ISO, Western and Pacific Gas and Electric Company (TEA). These discussions addressed among other things how Western may exercise its right under the TEA to self-provide losses under MRTU, the terms and conditions under which Western can allow other entities to use its transmission scheduling rights under the TEA, the application of charges and credits on ISO settlement statements, how the TEA interfaces with the ISO's Integrated Balancing Authority Area (IBAA) proposal and the use of TEA rights to schedule power for delivery to load within the ISO Balancing Authority Area. The ISO and Western held meetings on January 13, 2009 and February 4, 2009 to discuss these and other issues. The ISO and Western also held several follow-up conference calls.

Ability to self-provide losses as stated in the Transmission Exchange Agreement

Western may, but is not required to, self-provide losses and ancillary services under the Transmission Exchange Agreement. In response to an inquiry from Western, the ISO provided Western with an illustrative example of how to self-provide losses under MRTU.

ATTACHMENT A

Ability to use multiple Contract Reference Numbers as provided for under the TEA

Western may allow other Scheduling Coordinators to use its Contract Reference Number for purposes of scheduling power under the TEA. Western can identify those Scheduling Coordinators permitted to use its Contract Reference number by submitting Transmission Rights Transmission Curtailment instructions to the ISO. The ISO and Western discussed whether the Transmission Rights and Transmission Curtailment Instruction change process provides an adequate means to identify Scheduling Coordinators and to protect Western when others are authorized to use the TEA. The parties are continuing to discuss the issue.

Applicable charges and credits under the TEA

The ISO and Western discussed what ISO charges and credits should apply to Western for transactions scheduled under the TEA. Under the TEA some MRTU charges and credits apply to Western and some do not. The parties worked collaboratively to develop a list of MRTU charge codes that apply to Western's TEA transactions as well as a list of charge codes that do not apply if Western uses the TEA to schedule wheel-through transactions.

Interface between the TEA and IBAA proposal

The ISO informed Western that Western's schedules under the TEA that are wheel through transactions are subject to IBAA pricing where one end of the schedule is an interchange transaction with the Sacramento Municipal Utility District-Turlock Irrigation District IBAA; however, these schedules receive a perfect hedge against congestion under the TEA. To the extent that Western self-provides losses, Western also may avoid marginal losses for these schedules.

Use of TEA rights to schedule power for delivery to load within the ISO BAA

The ISO and Western discussed Western's schedules under the TEA which serve load within the ISO Balancing Authority Area and therefore are not wheel-through transactions, whether these schedules result in IBAA pricing, and to what point on the ISO Controlled Grid Western will receive a hedge against congestion charges for these schedules under MRTU. The ISO and Western agreed that Western could utilize the TEA rights for schedules that sink within the ISO Balancing Authority Area and that TEA schedules that do not involve an interchange with the Sacramento Municipal Utility District-Turlock Irrigation District IBAA are not subject to IBAA pricing. The ISO and Western also addressed the pricing point on the CAISO Controlled Grid which would be used to calculate Western's hedge against congestion charges for such schedules. Western's Transmission Rights

ATTACHMENT A

Transmission Curtailment instructions submitted to the ISO reflect these discussions on this matter.

ATTACHMENT B

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

FEBRUARY 2009 SEAMS ISSUES SUBCOMMITTEE (SIS) Agenda Materials and Minutes

April 29, 2009

A meeting agenda and the draft minutes from the February 3-4, 2009 WECC Seams Issues Subcommittee meeting can be found on the following WECC website link:

<http://www.wecc.biz/index.php?module=pagesetter&func=viewpub&tid=24&pid=11>

Certificate of Service

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 30th day of April, 2009 at Folsom, California.

Anna Pascuzzo

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