



August 14, 2006

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Californians for Renewable Energy vs. California Independent System
Operator Corporation
Docket No. EL06-89-000

Dear Secretary Salas:

Enclosed for electronic filing please find the Answer of the California Independent System Operator to CARE's Complaint and Motion for Summary Disposition in the above captioned docket.

Thank you for your assistance in this matter.

Respectfully submitted,

/s/ Daniel J. Shonkwiler

Daniel J. Shonkwiler
Counsel for The California Independent
System Operator Corporation

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

Californians for Renewable)	
Energy, Inc. (“CARE”),)	
)	
<i>Complainant</i>)	
)	
v.)	Docket No. EL06-89-000
)	
California Independent System Operator)	
Corporation,)	
)	
<i>Respondent</i>)	

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR TO
CARE’S COMPLAINT AND
MOTION FOR SUMMARY DISPOSITION**

The California Independent System Operator (“CAISO”) hereby answers the complaint of CARE pursuant to Rule 206 and moves for summary disposition pursuant to Rule 217(b).

I. BACKGROUND AND RESPONSE TO ALLEGATIONS

Although this complaint is not easy to follow, the underlying concern is clear. The complainant disagrees with the location chosen for a generating facility (three combustion turbine generators known as the “SFERP,” or San Francisco Electric Reliability Project). It alleges that the project has been sited without consideration of its impact on the nearby neighborhoods of Bayview and Hunter’s Point that have a high concentration of minority residents. Complaint at 9, 11-12. The complainant seeks relief that it apparently believes could change

the location – an order that “the CA ISO . . . rescind its approval of the SFERP,” Complaint at 9; see also *id.* at 3.

As evidenced by that request for relief, the Complaint assumes that CAISO somehow determined or approved the SFERP’s location near the Bayview and Hunter’s Point neighborhoods. The explanation of this point is confusing. The complainant’s assumption seems to be based on testimony that the CAISO filed in the licensing proceeding before the Energy Resources Conservation and Development Commission of the State of California – a.k.a., the California Energy Commission. Complaint at 1, 5-6. A copy of the CAISO’s testimony is attached as Exhibit A. But the CAISO’s testimony does not address where the SFERP should be located. Rather, it explains that the CAISO has approved the SFERP’s proposed interconnection to the transmission grid. Exhibit A at 2, lines 22-27. As background for the CAISO’s position, the witness explains how, in approving the proposed interconnection, the CAISO followed the process then established by Amendment 39 of the CAISO Tariff,¹ including review of a System Impact Study and a Facilities Study, both prepared by Pacific Gas & Electric Co. *Id.* It is this approval of the interconnection that the complainant apparently believes is CAISO’s approval of the *location* of the SFERP. Complaint at 1, 5-6.

¹ Amendment 39 was filed and accepted in Docket No. ER01-1691. Its provisions have since been superseded through the CAISO’s compliance filing in the Large Generator Interconnection Process. See FERC Docket No. ER04-445.

CARE complains that these actions, which are assumed to be approval of the plant's location, violated a California statute.² Complaint at 2-3, 5-6. This statute requires the CAISO to "consult and coordinate with appropriate state and local agencies to ensure that it operates in furtherance of state law regarding consumer and environmental protection." Cal Pub. Util. Code § 345.5(c)(1). The Complaint asserts that – presumably as a matter of state environmental law – the CAISO "cannot reach a decision about the proposed project until after the [San Francisco Bay Regional Water Quality Control Board ("RWQCB")] reviews the site as a site including the proposed power plant and consults with the CA ISO as provided [by the statute]." Complaint at 6. The CAISO must have violated this requirement, the Complaint asserts, because it began its review of the interconnection before the RWQCB began reviewing the area as a site for a power plant. *Id.* On the basis of this alleged violation, CARE asserts the CAISO's "approval" of the project was ultra vires,³ and asks the Commission to rescind the "approval."

The CAISO admits that it submitted the testimony that is attached in Exhibit A, and admits the facts testified to therein. Otherwise, the CAISO denies the allegations in the Complaint either as untrue, or because CAISO lacks a sufficient basis to admit or deny them.

² There is no assertion that the CAISO violated its tariff, the Federal Power Act, or a Commission regulation.

³ The Complaint also refers to alleged failures by CAISO to comply with its articles of incorporation. Complaint at 2, 3; see also Complaint at 6-7. The CAISO assumes that these references are in error, as the CAISO articles of incorporation do not include any requirements that could be relevant to the allegations in the Complaint. A copy of the CAISO's articles of incorporation and all amendments are attached as Exhibit B.

II. ARGUMENT

Summary disposition is appropriate for two reasons: the Commission lacks jurisdiction over any aspect of the Complaint, and the Complaint does not allege a violation of law.

A. The Commission Lacks Jurisdiction

The Commission does not have the authority to grant the relief requested by CARE. Section 201 of the FPA gives FERC jurisdiction over “facilities” for the “transmission of electric energy in interstate commerce,” 16 U.S.C. §824(b)(1), and defines “public utility” to include any “operator” of such facilities. *Id.* 824(e). But public utilities, such as the CAISO, are creatures of state law for many purposes, and FERC has only the regulatory powers that the FPA gives it. See, e.g., *California Independent System Operator v. FERC*, 372 F.3d 395, 398 (D.C. Cir. 2004) (“As a federal agency, FERC is a creature of statute, having no constitutional or common law existence or authority, but *only* those authorities conferred upon it by Congress”; internal quotation marks omitted). In particular, FERC does not have broad authority to address the core concern of the Complaint, which is perceived racial discrimination. *NAACP v. F.P.C.*, 425 U.S. 662, 669-70 (1976).

Generally speaking, the FPA empowers FERC to regulate the terms of certain “FERC-jurisdictional” services, such as transmission and sales of electricity at wholesale. The Complaint, however, does not address such jurisdictional services. It concerns matters that are governed by state law –

namely, unspecified state laws regarding environmental impact of generation siting, a state law requiring the CAISO to consult and coordinate with state agencies, and the submission of testimony in state agency proceedings.⁴

The Commission therefore lacks jurisdiction, and should summarily dismiss the Complaint.

B. The Complaint Does Not Allege a Violation of Applicable Law

The Complaint is also defective because it does not identify any violation of law, federal or state, by the CAISO. “A complaint must[] clearly identify the action or inaction which is alleged to violate the applicable statutory standards or regulatory requirements [and] [e]xplain how the action or inaction violates applicable statutory standards or regulatory requirements.” 18 C.F.R. § 385.206(b)(1)&(2). The Complaint fails to satisfy this fundamental requirement.

The Complaint asserts the CAISO has violated the state law requirement that it “consult and coordinate with appropriate state and local agencies to ensure that *it operates* in furtherance of state law regarding consumer and environmental protection.” Cal. Pub. Util. Code 345.5(c)(1) (emphasis added). To the extent this statute applies at all to the course of action addressed in the Complaint, the CAISO more than satisfied the requirements by filing testimony about its approval of the proposed interconnection with the California Energy Commission. The Complaint provides no basis for its assertion that the CAISO --

⁴ The Complaint is difficult to pin down. One possible interpretation is that it claims the CAISO violated the FPA by approving the proposed interconnection. The Complaint does not include any basis for such a claim, save possibly the demographics of the nearby populations. Such claims are not within the Commission’s authority. *NAACP v. F.P.C.*, 425 U.S. 662, 669-70 (1976).

as opposed to proposed plant's owner – must first obtain site approval from the RWQCB before approving a proposed interconnection. Notwithstanding a conclusory reference to the California Health and Safety Code, Complaint at 6, there is no explanation why this would be required by any law, and in particular by the Federal Power Act.

The CAISO actions that are the subject of the Complaint do not actually violate any law. Accordingly, summary disposition is appropriate.

III. **CONCLUSION**

The Complaint is defective as a matter of law. Accordingly, the CAISO respectfully requests that the Commission grant summary disposition in its favor, or otherwise deny the Complaint. The Commission should also provide any other relief it deems appropriate.

Respectfully submitted,

/s/ Daniel J. Shonkwiler
Daniel J. Shonkwiler
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400

Dated: August 14, 2006

Exhibit A

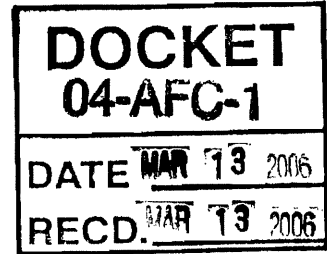
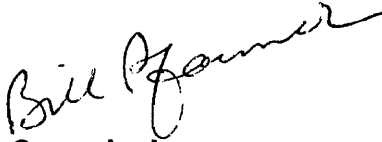
Testimony of Lawrence Tobias on Behalf of California Independent System
Operator Corporation in CEC Docket No. 04-AFC-1
San Francisco Electric Reliability Project

Memorandum

To: James D. Boyd, Presiding Member
John L. Geesman, Associate Member

Date: March 13, 2006
Telephone: (916) 654-4206

From : **Bill Pfanner**
California Energy Commission
1516 Ninth Street
Sacramento CA 95814-5512



Subject: **San Francisco Electric Reliability Project (AFC 04-AFC-1)**

Attached is the testimony of Lawrence Tobias on behalf of the California Independent System Operator (CA ISO) submitted for the San Francisco Electric Reliability Project (SFERP). It is staff's intent to sponsor the CA ISO's attached testimony at the project's future Evidentiary Hearings.

Exhibit No.: _____
Commissioner - Presiding Member: James D. Boyd
Commissioner - Associate Member: John Geesman
Hearing Officer: Stanley Valkosky and Gary Fay
Witness: Lawrence Tobias

**BEFORE THE
ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application For Certification of the San Francisco Electric Reliability Project	Application 04-AFC-1
---------------------------------------------------------------------------------------------------------	----------------------

**TESTIMONY OF LAWRENCE TOBIAS
ON BEHALF OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

Submitted by the California Independent System Operator

March 10, 2006

Charles Robinson, Vice President and General Counsel
Grant Rosenblum, Regulatory Counsel
California Independent System Operator
151 Blue Ravine Road
Folsom California 95630
Telephone: (916) 351-4400
Facsimile: (916) 608-7296

1 **BEFORE THE**
2 **ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION**
3 **OF THE STATE OF CALIFORNIA**

4 In the Matter of the City and County of San Francisco
5 Application For Certification of the San Francisco
6 Electric Reliability Project

Application 04-AFC-1

7
8
9 **TESTIMONY OF LAWRENCE TOBIAS**
10 **ON BEHALF OF**
11 **THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

12 Submitted by the California Independent System Operator

13
14 Q. Please state your name, position, employer, duties and qualifications.

15 A. My name is Lawrence Tobias, Senior Regional Transmission Engineer with the California
16 Independent System Operator Corporation (“CA ISO”). My statement of duties and
17 qualifications is provided as Attachment 1 to this testimony.

18 Q. On whose behalf are you submitting this testimony?

19 A. I am submitting this testimony on behalf of the CA ISO.

20 Q. What is the purpose of your testimony?

21 A. The purpose of my testimony is to support the reliable interconnection of the San Francisco
22 Electric Reliability Project to Pacific Gas & Electric’s (PG&E) transmission system.

23 Q. Do you use any specialized terms in your testimony?

24 A. Yes. Unless indicated otherwise, we use terms as defined in the CA ISO Tariff Appendix A:
25 Master Definitions Supplement.

26 Q. Please discuss the basic background information associated with your testimony?

27 A. The City and County Of San Francisco (“CCSF”) has applied to the California Energy
28 Commission Of The State Of California for an Application For Certification of the San

1 Francisco Electric Reliability Project (SFERP). As such and in accordance with Amendment
2 39 of the CA ISO Tariff, the proposed new generation project was analyzed through System
3 Impact Studies (SIS) conducted by PG&E. The SIS report was reviewed by the CA ISO and
4 preliminary interconnection approval was granted November 11, 2003. Following this
5 preliminary approval, PG&E conducted a Facilities Study to identify the method and means for
6 interconnecting the project to PG&E's transmission system. A Facilities Study Report was
7 reviewed by the CA ISO with final interconnection approval granted May 28, 2004. Due to a
8 change in site location to the present proposed location south of Potrero Substation, an updated
9 Facilities Study was conducted with CA ISO approval again granted on June 27, 2005.

10 Q. Please briefly describe the SFERP Project and the method of interconnecting the SFERP to
11 PG&E's Potrero Substation.

12 A. CCSF proposes to interconnect a new gas turbine generating facility to PG&E's Potrero 115
13 kV Switchyard. The proposed project will consist of three LM6000 combustion turbine
14 generator units rated 50.5 MW each. The net output of the proposed project will be 145.1
15 MW. A Facilities Study Report for the SFERP was issued March 19, 2004 for the original site,
16 which was adjacent to the existing Potrero Power Plant. In January of 2005, CCSF proposed a
17 new site and interconnection plan for the SFERP. The new site is approximately 0.3 miles
18 south of the original site. The proposed new interconnection to PG&E's transmission grid will
19 be via two new 115 kV underground generation tie lines. Each of the two new 115 kV
20 underground lines is capable of transmitting the full 145.1 MW of SFERP to PG&E's
21 transmission grid. The original proposed generation tie lines were overhead.

22 Q. Is the proposed method and transmission facilities for interconnecting the SFERP to the
23 transmission grid adequate?

24 A. Yes – I reviewed the Feasibility/Updating Facility Study II (F/UFS) for the SFERP and found
25 that the proposed interconnection via two 115 kV cables from the Project to PG&E's Potrero
26 Substation to be adequate to address any reliability problems and therefore granted final
27 interconnection approval in a letter dated June 27, 2005.

28 Q. Please summarize the CA ISO forecasted reliability need for the proposed CCSF CTs?

1 A. The CA ISO has determined that generation located within San Francisco will remain critical
2 to the long-term ability to serve load in the San Francisco Peninsula Area. Completion of the
3 SFERP along with the transmission projects identified in the CA ISO Revised Action Plan for
4 San Francisco (Attachment 2) will allow for the release of Potrero units 3, 4, 5, and 6 from
5 Reliability Must-Run (RMR) obligations.

6 Q. Please describe the background associated with the CA ISO Revised Action Plan for San
7 Francisco.

8 A. In 1998, the City entered into an agreement with PG&E to close the Hunters Point Power Plant
9 (Hunters Point) as soon as it is released from its Reliability Must Run (RMR) Agreements. To
10 that end, in approving the Jefferson Martin transmission line, the CA ISO Board of Governors
11 provided the directive to the CA ISO to work with the City and County of San Francisco and
12 interested stakeholders with the goal of closing the Hunters Point Power Plant. PG&E and the
13 CA ISO jointly developed a list of reliability upgrades required to release all of Hunters Point
14 Power Plant from RMR. With that accomplished, the CA ISO set upon a course to facilitate
15 retirement of all generator units at the Potrero Power Plant. On September 10, 2004, the CA
16 ISO Board approved the Revised Action Plan for San Francisco (Attachment 2). This action
17 plan facilitates the release of Potrero Power Plant generation units from their RMR agreements.
18 Specifically, the proposed CCSF CT's will allow for the release of Potrero Unit #3 from its
19 RMR contract and are required to continue to mitigate for potentially overloading the Newark-
20 Ravenswood 230 kV line upon an outage of the Tesla-Ravenswood 230 kV line. It is
21 important to note that only the power plant owner (Mirant) can decide to retire their generator
22 units.

23 Q. Are there other things that must be considered when addressing load-serving concerns for the
24 San Francisco Peninsula Area?

25 A. For an area like the San Francisco Peninsula Area where the load is served through a radial
26 transmission system, adequate generation and transmission capacity within and into the area is
27 required to account for planned or forced outages of transmission facilities, and to protect for
28 the next possible transmission facility outage before the initial transmission facility or facilities

1 are put back in service. Under these conditions, sufficient generation or remaining import
2 capability to serve load is required to prevent loss of load for the next outage of a single
3 transmission facility.

4 Q. Please explain the CA ISO's responsibilities in the transmission planning and expansion
5 process in California.

6 A. Pursuant to the provisions of Assembly Bill 1890 ("AB 1890"), the CA ISO is charged with
7 maintaining the reliability of the CA ISO Controlled Grid. The CA ISO Controlled Grid is
8 comprised of transmission facilities and rights turned over to the CA ISO's Operational
9 Control by San Diego Gas & Electric Company ("SDG&E"), Southern California Edison
10 Company ("SCE"), PG&E and various municipalities (collectively, the Participating
11 Transmission Owners or Participating TOs). In addition to the CA ISO's responsibility to
12 maintain system reliability, the CA ISO is also charged with planning and expanding the CA
13 ISO Controlled Grid so as to ensure a reliable and efficient transmission system. These
14 functions and responsibilities are codified in the CA ISO Tariff, which is on file and available
15 for public inspection at the FERC.

16 Q. Does this conclude your testimony?

17 A. Yes. It does.

18
19
20
21
22
23
24
25
26
27
28

References

- Cal-ISO (California Independent System Operator). Cal-ISO Conformed Tariff I, <http://www.caiso.com/docs/2005/06/30/2005063008075711458.html>
- Cal-ISO (California Independent System Operator). California Independent System Operator's Review and Findings of the San Francisco Electric Reliability Power Project, System Impact Study (SIS) Report Letter Dated November 11, 2003.
- Cal-ISO (California Independent System Operator). California Independent System Operator's Review and Findings of the San Francisco Electric Reliability Project Facilities Study Report (FSR) Letter Dated May 28, 2004.
- Cal-ISO (California Independent System Operator). California Independent System Operator's Review and Findings of the San Francisco Electric Reliability Project Feasibility/Updating Facility Study II (F/UFS) Letter Dated June 27, 2005.
- San Francisco Electric Reliability Project, California Energy Commission Application for Certification, Dated March 18, 2004.
- NERC (North American Electric Reliability Council) / Western Electricity Coordinating Council (WECC) Planning Standards, <http://www.caiso.com/docs/2001/06/04/2001060418221123496.html>
- CA ISO Grid Planning Standards, <http://www.caiso.com/docs/2001/06/04/2001060418221123496.html>

DECLARATION OF

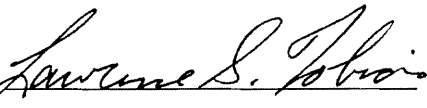
Lawrence S. Tobias

I, Lawrence S. Tobias declare as follows:

1. I am a Senior Regional Transmission Engineer presently employed by the California Independent System Operator (California ISO).
2. A copy of my professional qualifications and experience is attached hereto and incorporated by reference herein.
3. I prepared the California ISO testimony on transmission system reliability for the San Francisco Electric Reliability Project based upon my independent analysis of the Application for Certification, the System Impact Study, the Facilities Study, data from reliable documents and sources, and my professional experience and knowledge.
4. It is my professional opinion that the prepared testimony is valid and accurate with respect to the issue(s) addressed therein.
5. I am personally familiar with the facts and conclusions related in the testimony and if called as a witness could testify competently thereto.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: September 30, 2005

Signed: 

At: Folsom, California

Attachment 1

Resume

Lawrence Scott Tobias

151 Blue Ravine Road
Folsom, Calif., 95630
(916) 608-5763
email: LTobias@caiso.com

Work

Experience:

California Independent System Operator

1999 – Present

Grid Planning Engineer, then Senior Grid Planning Engineer in 2001, then Senior Regional Transmission Engineer in 2005 - primary responsibilities are to insure reliability of the Cal-ISO grid through involvement in the following:

- Presently am lead engineer for PG&E's (& was for SDG&E's) Annual Grid Assessment, Expansion Plan
- Participate in determining SF Bay Area Reliability Must-run requirements
- Presently am lead engineer for San Francisco Area long-term studies
- Prepared and presented testimony at California Energy Commission hearings related to permitting of a new generation plant
- Worked in close coordination with various state agencies in developing policies related to electric power supplies
- Participated in San Onofre Nuclear Power Plant Operational Studies
- Reviewed New Merchant Generation Interconnection studies
- Developing a library of PG&E and SDG&E technical information
- Was lead engineer for developing a Long-term Southern CA 500 kV regional plan
- Participate in Cal-ISO Controlled Grid Annual Assessment
- On-going development and maintenance of a listing of PTO transmission projects

Pacific Gas & Electric Company

1997 – 1999

Senior Transmission Planning Engineer - primary responsibilities are North Bay Division transmission planning, WRTA regional planning coordination, Sacramento Area transmission reinforcement, and Northern California WSCC Area Coordinator.

1995 - 1997

Transmission Planning Engineer - primary responsibilities were North Bay Division transmission planning and PG&E's WSCC Technical Studies Subcommittee member.

- 1994-1995** Transmission Planning Associate - primary responsibilities were Los Padres Division transmission planning and PG&E's WSCC Technical Studies Subcommittee member.
- 1979-1993** Transmission Planning Analyst - primary responsibilities were interconnected system planning, dynamic system analysis, and PG&E's representative and then Chairman of the WSCC Pacific and Southwest Transfer Subcommittee.
- 1971-1979** Engineering Assistant within Transmission Planning - primary responsibilities were interconnected system planning and dynamic system analysis.

Awards and Recognition:

Performance recognition awards have been received four times at the ISO and twelve times at PG&E. Reasons cited were dedication, innovation, teamwork, and cost reduction. Performance recognition letters related to interconnected system studies and Chairmanship of the WSCC PAST Subcommittee were also received.

Education:

- o Electrical Engineering diploma from International Correspondence School.
- o Associate in Engineering Degree from Cogswell Polytechnical College.
- o The following ISO and PG&E classes:

<ul style="list-style-type: none"> Leadership Fundamentals Dynamics of Leadership Intelligent Risk Taking Regulatory Issues Situational Negotiation Skills Project Management Process 	<ul style="list-style-type: none"> Leadership Skills for Supervisors Business Leadership Technical Writing Effective Negotiations Economic Analysis Characteristics of the Successful Employee
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
- o The following external classes:

<ul style="list-style-type: none"> Voltage Control and Reactive Power Planning Power System Scheduling and Operation 	<ul style="list-style-type: none"> Power System Dynamics GE PSLF and Dynamic Simulation Programs
----------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------

Attachment 2 - Revised Action Plan for San Francisco

PG&E Transmission Projects and City Peaking Power Plants Necessary
To Meet NERC/WECC/CAISO Planning Requirements

As of March 1, 2006

Project	ESTIMATED COMPLETION DATE/STATUS	ISSUE	Resolution of Issue
A. Release Hunters Point Units 2 & 3 From Their RMR Agreements			
1	Potrero Static VAR Compensator December 2004, Completed	NERC/WECC/CAISO Planning Standards	This project allowed ISO/PG&E to meet planning requirements with Hunters Point Power Plant Units 2 and 3 released from their RMR Agreement
B. Release Hunters Point Units 1 & 4 From Their RMR Agreements			
2	San Mateo-Martin No. 4 Line Voltage Conversion Completed	NERC/WECC/CAISO Planning Standards	This project in combination with the other listed projects allows ISO/PG&E to meet planning requirements with Hunters Point Power Plant Units 1 and 4 released from their RMR Agreement
3	Ravenswood 2 nd 230/115 kV Transformer Project Completed	NERC/WECC/CAISO Planning Standards	This project in combination with the other listed projects allows ISO/PG&E to meet planning requirements with Hunters Point Power Plant Units 1 and 4 released from their RMR Agreement
4	San Francisco Internal Cable Higher Emergency Ratings Completed: To Be Used Upon Completion of the Jefferson-Martin 230 kV Project	NERC/WECC/CAISO Planning Standards	These ratings are an interim solution that in combination with the other listed projects allows PG&E to meet planning requirements with Hunters Point Power Plant Units 1 and 4 released from their RMR Agreements. In 2007, a third Martin-Hunters Point 115 kV cable will replace the emergency ratings.
5	Tesla-Newark No. 2 230 kV Line Reconductoring February 2005, Completed	RMR Criteria	This project in combination with the other listed projects allows ISO/PG&E to meet planning requirements with Hunters Point Power Plant Units 1 and 4 released from their RMR Agreement
6	Ravenswood-Ames 115 kV Lines Reinforcement April 2005, Completed	RMR Criteria	This project in combination with the other listed projects allows ISO/PG&E to meet planning requirements with Hunters Point Power Plant Units 1 and 4 released from their RMR Agreement
7	San Mateo 230 kV Bus Insulator Replacement May 2005, Completed	Operations Requirement During San Mateo Bus Wash	Eliminate bus wash at San Mateo 230 kV bus will reduce the 400 MW generation operational requirement down to less than 200 MW

8	Potrero-Hunters Point (AP-1) 115 kV Cable	April 2006 Under Construction	NERC/WECC/CAISO Planning Standards	This project in combination with the other listed projects allows ISO/PG&E to meet planning requirements with Hunters Point Power Plant Units 1 and 4 released from their RMR Agreement. Scheduled for Dec. 2005 operation.
9	Jefferson-Martin 230 kV Line	March – April 2006 Under construction	NERC/WECC/CAISO Planning Standards	This project in combination with the other listed projects allows ISO/PG&E to meet planning requirements with Hunters Point Power Plant Units 1 and 4 released from their RMR Agreement
10	Potrero 3 SCR retrofit	June 2005 Completed	NERC/WECC/CAISO Planning Standards	This project ensures the availability of Potrero 3 at full capacity thereby reducing overall Greater Bay Area RMR requirements. This project or the reduced capacity available without the retrofit in combination with the other listed projects allows ISO/PG&E to meet planning requirements with Hunters Point Power Plant Units 1 and 4 released from their RMR Agreements

C. Release Potrero Unit 3 From Its RMR Agreement

11	San Francisco Electric Reliability Project and San Francisco Airport Electric Reliability Plant	Dec 2007	NERC/WECC/CAISO Planning Standards	These projects will allow ISO/PG&E to meet planning requirements with Potrero 3 released from its RMR Agreement. CEC permit suspended due to a change in where to site near Potrero.
Release Potrero Units 4, 5, & 6 From Their RMR Agreements (assumes previous completion of Peaking Power Plants by the City)				
12	Upgrade the Newark-Dumbarton 115 kV line	December 2006 Engineering in Progress	NERC/WECC/CAISO Planning Standards	This upgrade is needed in combination with the other listed mitigations to allow ISO/PG&E to meet planning requirements with Potrero Units 4, 5, and 6 released from their RMR Agreement
13	Upgrade the Bair-Belmont 115 kV Line	Scheduled for May 2007	NERC/WECC/CAISO Planning Standards	This upgrade is needed in combination with the other listed mitigations to allow ISO/PG&E to meet planning requirements with Potrero Units 4, 5, and 6 released from their RMR Agreement
14	Upgrade the Metcalf-Hicks & Metcalf-Vasona 230 kV lines	Scheduled for May 2007	NERC/WECC/CAISO Planning Standards	This upgrade is needed in combination with the other listed mitigations to allow ISO/PG&E to meet planning requirements with Potrero Units 4, 5, and 6 released from their RMR Agreement
15	Add voltage support at Ravenswood substation	Scheduled for May 2007	NERC/WECC/CAISO Planning Standards	This upgrade is needed in combination with the other listed mitigations to allow ISO/PG&E to meet planning requirements with Potrero Units 4, 5, and 6 released from their RMR Agreement

Exhibit B

California Independent System Operator Corporation
Articles of Incorporation

ARTICLES OF INCORPORATION
OF
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

I.

The name of this corporation is "California Independent System Operator Corporation."

II.

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for the charitable purposes set forth in Chapter 2.3, Part 1, Division 1 of the Public Utilities Code of the State of California (the "Statute").

B. The specific purpose of this corporation is to ensure efficient use and reliable operation of the electric transmission grid pursuant to the Statute.

III.

The name and address in the State of California of this corporation's initial agent for service of process is:

Gary C. Heath
1516 Ninth Street
Sacramento, CA 95814

IV.

A. Pursuant to the Statute, this corporation is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (or the corresponding section of any future federal tax code).

B. Notwithstanding any other provision of these articles, this corporation shall not carry on any activities not permitted to be carried on (i) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (or the corresponding section of any future federal tax code) or (ii) by a corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code (or the corresponding section of any future federal tax code).

C. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

V.

Prior to dissolving or liquidating, this corporation shall take such actions as are necessary and reasonable to ensure the continued reliable operation of the electrical system in the State of California and such other affected states or regions, including the possible sale of its assets to transmission owners, investor-owned utilities, publicly-owned utilities or other appropriate entities. Such actions and the terms of any such sale shall be approved by the appropriate governmental regulatory entities, including the Oversight Board described in Sections 335 to 340 of the California Public Utilities Code (or any successor provisions) ("Oversight Board"). The proceeds of any such sale shall then be distributed as provided herein along with any other remaining assets.

VI.

A. The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person.

B. Upon the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed (i) for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (or the corresponding section of any future federal tax code), or (ii) to a state or local government, for a public purpose.

VII.

Any bylaws of this corporation shall be adopted, and amended as necessary, so as to conform to requirements of the Statute and to written decisions of the Oversight Board made pursuant to the Statute.

VIII.

These articles of incorporation may be amended by the vote of at least two-thirds of all of the members of the corporation's Governing Board then in office, provided that the Oversight Board has approved such amendment. In addition, if and to the extent required by applicable law, the effectiveness of any amendment to these articles of incorporation shall be subject to acceptance for filing by the Federal Energy Regulatory Commission (or any successor entity).

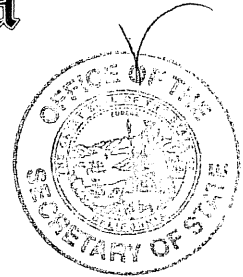
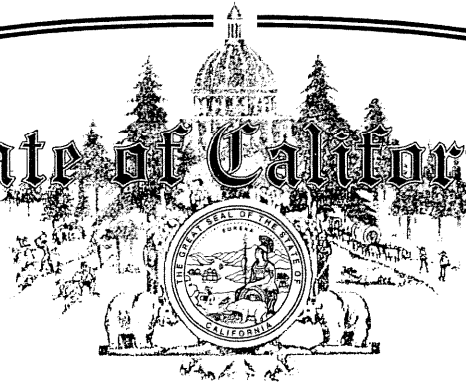
Dated May 5, 1997

Erik N. Saltmarsh, Incorporator

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, and that this instrument is my act and deed.

Erik N. Saltmarsh, Incorporator

State of California



SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of



JAN 23 2001

Secretary of State

JAN 22 2001

BILL JONES, Secretary of State

**CERTIFICATE OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Terry Winter and Charles Robinson certify that:

1. They are the President and the Secretary, respectively, of California Independent System Operator Corporation, a California nonprofit public benefit corporation.

2. The ~~Sixth~~ Article of the articles of incorporation is amended to read in its entirety as follows:

"VI.

A. The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person.

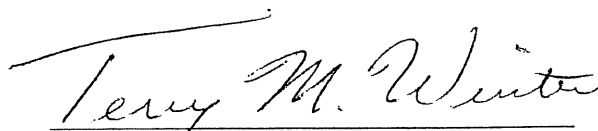
B. Upon the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to (i) a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes (and which has established its tax exempt status under section 501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code), or (ii) a state or local government, for a public purpose."

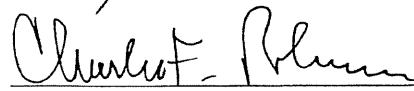
3. The foregoing amendment to the Articles of Incorporation has been duly approved by the Board of Governors/Directors and approved by the Oversight Board.

4. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: January 9, 2001


Terry Winter, President


Charles Robinson, Secretary



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 the above-captioned dockets.

Dated at Folsom, California, on this 14th day of August, 2006.

/s/ Daniel J. Shonkwiler
Daniel J. Shonkwiler