

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement)	
Senate Bill No. 1488 (2004 Cal Stats., Ch. 690)	Rulemaking 05-06-040
(Sept. 22, 2004)) Relating to Confidentiality of)	(Filed June 30, 2005)
Information.)	

**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

I. Introduction

On November 13, 2009, Commissioner Dian Grueneich issued a Proposed Decision (PD) in this proceeding clarifying that certain information about proposed renewable generation projects that have been short-listed in utility solicitations is not “market sensitive” according to D.06-06-066 (as modified by D.07-05-032) when aggregated over time and stripped of bid prices, counter party names, solicitation year or sponsoring utility. The PD only applies to the short-list and bi-lateral contract data covering the period 2003-2009 solicitations.

Pacific Gas & Electric Company, Southern California Edison Company and San Diego Gas & Electric Company (collectively “Joint Utilities”) filed comments regarding the PD on December 3, 2009. These parties have taken issue with the form in which the Commission’s Energy Division (ED) has proposed to permit public disclosure of the RPS short list data, and proposed an alternative form in which the information could be publicly released. In accordance with Rule 14.3 of the Commission’s Rules of Practice and Procedure, the California Independent System Operator Corporation (ISO) hereby submits reply comments to the proposal set forth by the Joint Utilities.

II. Discussion

The Aggregation Proposed by Joint Utilities Presents Practical Concerns for the Use of the Data.

The ISO and ED have worked together to facilitate the ISO's use of the RPS generation scenarios developed by the Energy and Environmental Economics, Inc., (E3) consultants in the Commission's long term procurement proceeding (R.08-02-007). These scenarios contain short-list RPS data that is the subject of the aggregation proposals set forth in the PD and in the Joint Utilities' comments. The E3 scenario data was provided to the ISO pursuant to the terms of a non-disclosure agreement drafted specifically to enable the ISO to use the information in its transmission planning process, and in its renewables integration study.

The ISO is required by its tariff, Business Practice Manual for Transmission Planning and FERC Order 890 to make the data underlying its transmission planning studies available to interested parties so that they will be able to understand and replicate the ISO's study results. To comply with these requirements, the ISO posts its technical study base cases on a secured website and provides access to the website only to parties who are eligible to sign non-disclosure agreements with the ISO and WECC. In order to protect disclosure of market sensitive information (even pursuant to a confidentiality agreement), the ISO encrypted the RPS generation data used in the base cases (which contain the E3 RPS generation information) into the form identified on page 6 of the PD. Even though the ISO believes that this disclosure form protects any market sensitive data, the ISO took an additional step and posted the base cases and generator data only to its "non-marketer" secured website; thus further limiting non-public disclosure.

When the RPS generation data is grouped by random generator ID, technology type, MW capacity, Bus ID and zone, interested parties will have enough information to understand the ISO study results, and will be able to replicate the ISO studies by changing generation assumptions to produce different results. The aggregation proposed by the Joint Utilities, however, would make it difficult to understand and use the study results.

The Joint Utilities proposed form of disclosure would require all generation in a renewable energy zone (CREZ or other area) to be aggregated into a single MW or GWh number for each technology type, including short-listed bids for the three IOUs *unless the aggregated number represents less than three short-listed bids.*¹ In addition, the Joint Utilities propose that out-of-state generation, in-state distributed generation not within a CREZ, and all utility-scale, in-state generation not within a CREZ be separately aggregated but only if there are three or more short-listed bids in these categories.

Basing aggregation for public disclosure on three or more short-listed bids of a particular technology in a particular zone creates a problem for the ISO. With this disclosure requirement, all of the short-listed bid information contained in the E3 scenarios will have been used as inputs to the ISO technical studies, but some of the data will be missing from the list of generator assumptions when the ISO aggregates the information. Parties will be unable to replicate the study results if data is missing from the study assumptions and the usefulness of the information will be considerably lessened. Furthermore, the elimination of the electrical location of the project—the bus bar ID—will defeat the purpose of studying the impact of transmission congestion due to renewables.

¹ Joint Utilities comments, at 8.

It appears that the Joint Utilities have proposed an alternative format for disclosing the short-listed bid information due to concerns that parties could derive market sensitive information from the generation data when presented in the form described in the PD. They argue that such information could potentially lead to market manipulation and possibly “gaming” the ISO’s interconnection queue. Specifically, the Joint Utilities argue that the release of generation information by bus bar location would enable parties to determine the precise location of proposed facilities and influence energy price negotiations as well as negotiations for land or site acquisitions. The Joint Utilities also speculate that bus bar locations could allow other developers to enter the ISO queue as “energy only” facilities that would push financing requirements onto the short-listed projects.²

The ISO does not believe that the bus bar ID locations associated with particular renewable technologies in the various renewable zones will lead to gaming and market manipulation described by the Joint Utilities. A bus ID is *not* a geographic location about the specific location of the renewable projects. A bus ID is an electrical location that indicates the point where renewable energy is going to be delivered. Between the bus and the location of renewable projects, there are tie-lines of certain distance. Those detailed tie-lines are not modeled in the economic planning database, unless the projects become public and final. To summarize, although a bus ID corresponds to a specific location of a substation, the bus ID does not indicate the site of the renewable project(s). In other words - the bus ID does not provide specific location for the renewable projects in the 33% RPS plan. On the other hand, the ISO and other parties must be able to study

² *Id.*, at 5-7.

the impact of renewable generation on the transmission grid. To do so, the generation must be modeled at its logical electrical connection, but not its geographic location.

III. Conclusion

The ISO supports the disclosure format for the RPS short-list information proposed in the PD and believes that the basis for the Joint Utilities' concerns are ill-founded. The PD proposal is consistent with the format used by the ISO in creating the list of renewable generation assumptions currently posted on the ISO's non-marketer secured website. Public disclosure of this data will greatly facilitate the ISO's receipt and use of the information and assist with the considerable efforts being undertaken to evaluate the infrastructure needed to achieve the 33% RPS target.

If the Commission modifies the PD and requires additional aggregation of the renewable generation data, the ISO will implement this requirement during the 2011 transmission planning cycle that takes place during calendar year 2010. The base case information associated with the technical studies conducted during the 2011 cycle will be posted after September 15, 2010.

December 8, 2009

Respectfully submitted,

/s/ **Judith B. Sanders**

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CERTIFICATE OF SERVICE

I hereby certify that on December 8, 2009, I have served, by electronic and United States mail, a copy of the foregoing Reply Comments of the California Independent System Operator Corporation to each party in Docket No. R.05-06-040.

Executed on December 8, 2009 at Folsom, California.

/s/ Jane L. Ostapovich

Jane L. Ostapovich

An Employee of the California Independent
System Operator Corporation