



California Independent  
System Operator Corporation

February 14, 2008

**Via Electronic Filing**

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: Motion For Leave To Answer And Answer To Comments And Protests Of The  
California Independent System Operator Corporation  
Docket No. OA08-62-000**

Dear Secretary Bose:

Attached please find the Motion for Leave to Answer and Answer to Comments and Protests of the California Independent System Operator Corporation for filing in the above-referenced docket.

Thank you for your attention to this matter.

Yours truly,

**/s/ Grant Rosenblum**

Grant Rosenblum  
Senior Counsel  
Counsel for the California Independent  
System Operator Corporation



Other comments and protests, however, provide constructive input. The CAISO agrees that the Transmission Planning Process should accommodate these legitimate stakeholder concerns and this answer proposes means to address these specific matters. Not addressed in this answer is the request made by several entities to clarify the treatment of “jointly-owned” transmission facilities. The CAISO believes the subject of joint ownership is beyond the scope of the CAISO Order No. 890 Compliance Filing and should instead be addressed after further consultation with stakeholders to frame the relevant issues and, if appropriate, develop tariff refinements.

#### **I. MOTION FOR LEAVE TO ANSWER PROTESTS**

Although an answer is permitted in response to comments, the CAISO recognizes that, unless authorized by the Commission, the Commission’s Rules of Practice and Procedures preclude an answer to protests. However, the Commission has accepted answers that are otherwise prohibited if such answers clarify the issues in dispute, *Southwest Power Pool, Inc.*, 89 FERC ¶61,284 at 61,888 (2000); *Eagan Hub Partners, L.P.*, 73 FERC ¶ 61,334 at 61,929 (1995), or assist the Commission, *El Paso Electric Co.*, 72 FERC ¶ 61,292 at 62,256 (1995). The CAISO submits that this answer does both, and therefore respectfully requests that, to the extent that this pleading involves answers to protests, the Commission accept this answer.

## **II. ANSWER**

### **A. Issues Regarding the Commission’s “Comparability” Principle**

#### **1. Scope of Market Participant’s Ability To Propose a Reliability Project**

BAMx and Six Cities raise the concern that the CAISO has failed to consider the situation where a Market Participant, other than a Participating Transmission Owner (“PTO” or “Participating TO”), wishes to propose a reliability driven project and that, if the CAISO has considered such a situation, the project proposed by the Market Participant will not be granted comparable treatment. (BAMx 3-6; Six Cities 6.) In particular, BAMx notes that Section 3.1 of the Business Practice Manual for the Transmission Planning Process (“BPM”) specifies that reliability driven projects of Participating TOs need not go through the Request Window, but is silent as to whether other entities will be afforded similar treatment. (BAMx 4.)

BAMx’s concern is misplaced and appears to arise from a misunderstanding of the CAISO’s Transmission Planning Process. As a general matter, there are four types of Load Serving Entities (“LSEs”) serving Load within the CAISO Balancing Authority Area: investor owned utilities (“IOUs”), Local Publicly Owned Electric Utilities, i.e., municipals, cooperatives, and irrigation districts (“POUs”), federal power marketing administrations, and Electric Service Providers (“ESP”). All but the ESPs have, or can have, a “service territory.” Further, each entity with transmission facilities can become a PTO. As such, the tariff treats all LSEs with Load in a service territory similarly.

Section 24.1.2 relating to reliability driven projects imposes particular obligations on PTOs with PTO Service Territories.<sup>3</sup> Each is required to identify the need for any

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<sup>3</sup> PTO Service Territory is defined as “[t]he area in which an IOU, a Local Publicly Owned Electric Utility, or federal power marketing administration that has turned over its transmission facilities and/or

transmission additions or upgrades required to ensure System Reliability consistent with Applicable Reliability Criteria and CAISO Planning Standards. Participating TOs with PTO Service Territories are thus differently situated than other Market Participants. In light of its responsibility, each Participating TO with a PTO Service Territory is required to propose reliability driven projects as a product of its assessment of the needs of all Load served by its transmission system. Such projects are exempted from the requirement that they be submitted through the Request Window because they are identified, and evaluated against alternatives, through a CAISO-directed study process that occurs during each Transmission Planning Process cycle. The CAISO, therefore, believes it would be inefficient and redundant to then require those identified projects to be resubmitted through the Request Window.

ESPs and other Load Serving Entities that cannot, or elect not to, develop transmission to serve their Load and become Participating TOs are necessarily embedded within one or more PTO Service Territories. These entities are thus considered in the Participating TOs' identification of reliability needs. They are guaranteed the same level of transmission system reliability as the native load of the Participating TO in that the CAISO's Transmission Planning Process requires application of uniform standards for the entire CAISO Balancing Authority Area. Moreover, these entities can properly inform the development of transmission infrastructure to meet their growing Demand requirements by submitting, pursuant to Section 24.2.3.3, information on their long-term resource supply plans and Demand estimates. Under the foregoing structure, the CAISO believes

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Entitlements to ISO Operational Control is obligated to provide electric service to Load. A PTO Service Territory may be comprised of the Service Areas of more than one Local Publicly Owned Electric Utility, if they are operating under an agreement with the ISO for aggregation of their MSS and their MSS Operator is designated as the Participating TO.” (CAISO Tariff, Appendix A.)

the Transmission Planning Process provides sufficient comparability among different classes of Market Participants with respect to developing transmission to satisfy System Reliability.

## **2. Economic Projects of Less Than \$50 Million**

Six Cities is concerned that Sections 24.1.1(b) and 24.2.2(a) will result in preferential treatment because economically driven projects proposed by a Participating TO and estimated to cost less than \$50 million are not required to be submitted through the Request Window. (Six Cities 6.) This distinction again reflects both pragmatic consideration and the fact that Participating TOs are differently situated. As noted above, Participating TOs with PTO Service Territories are directed by the CAISO, in accordance with the Unified Planning Assumptions and Study Plan, to identify needed Reliability Driven Projects. In reviewing their systems, Participating TOs may also identify system upgrades that are relatively inexpensive, can be expeditiously constructed, and which will enhance the economic efficiency of the CAISO Controlled Grid. The CAISO favors including consideration of such projects in the same Transmission Planning Process cycle in which they were first identified, instead of waiting for the next cycle after submission into the Request Window. That said, the CAISO agrees that Section 24.2.2 could be improved by clarifying that such treatment applies to Participating TOs with PTO Service Territories.

## **3. Joint Ownership**

CMUA, SMUD, TANC, and Citizens urge that the issue of how jointly-owned transmission will be planned and operated must be clarified. (CMUA 12-14; SMUD 3;

TANC 7-9; Citizens 4-5.) The CAISO acknowledges their request, but notes that, in order to do so, the CAISO must seek further stakeholder input to facilitate an appropriate identification and vetting of the myriad and potentially controversial issues attendant to joint transmission projects.

Section 24.11, which each party identifies as indicative of the need for further reform, reflects existing language. The provisions of Section 24.11 were previously located in Section 24.8.1 of the CAISO Tariff. Thus, the language has been accepted by the Commission and has not been subject to significant consideration in the Order No. 890 process. Issues regarding jointly-owned transmission facilities must first be identified by the CAISO in cooperation with stakeholders. The Commission, however, should not delay action on this compliance filing pending the outcome of such future activities.

**4. NCPA Incorrectly Asserts that the Participating TOs Were Required to Submit Separate Order No. 890 Compliance Filings**

NCPA asserts that the three IOU Participating TOs in California were required, but failed, to make individual Order No. 890 compliance filings. (NCPA 3-5). NCPA is incorrect for the reasons set forth in the joint motion for leave to answer and answer of SCE, PG&E, and SDG&E filed on February 11, 2008, in the instant docket. The CAISO supports the answer of the IOUs and will not burden the Commission with repetition of those arguments here.

**B. Issues Regarding the Commission’s Openness and Transparency Principles**

**1. Specification of Criteria Violations Justifying Reliability Projects**

Both BAMx and CMUA request that the CAISO be required to provide a list of Reliability Criteria violations and Contingencies mitigated by any transmission upgrade or addition approved as a reliability driven project under Section 24.1.2. (BAMx 6; CMUA 6-7.) The Commission should reject the need for further revisions to the CAISO Tariff to accommodate this request given that the CAISO’s Transmission Planning Process already requires disclosure of information justifying any reliability driven project, whether approved by CAISO management or the CAISO Governing Board.

Reliability driven projects are those needed to ensure System Reliability consistent with all Applicable Reliability Criteria and CAISO Planning Standards. (Section 24.1.2.) Studies to make this determination must be based, to the maximum extent possible, on the Unified Planning Assumptions, and the study inputs and targets are thus defined through highly transparent collaboration with stakeholders. (Sections 24.2.4, 24.2.5.1.) The results of the technical studies are measured against the Reliability Criteria and fully disclosed. (Section 24.2.5.1(b).) More importantly, the draft and final Transmission Plan must include “determinations, recommendations, and justifications for the need, according to Section 24.1 . . . , for identified transmission upgrades or additions.” (Section 24.2.5.2(b).) Thus, the CAISO’s Transmission Planning Process already mandates the transparency sought by BAMx and CMUA.

**2. The Commission Should Reject as Too Restrictive, and an Obstacle to Realizing Environmental Policies, an Unequivocal Requirement that Benefits Exceed Costs to Justify an Economic Project**

BAMx and CMUA believe that the CAISO should be under an unequivocal mandate to demonstrate that benefits exceed costs in order to justify a transmission upgrade or addition, other than a Merchant Transmission Facility, as an Economically Driven Project under 24.1.1. (BAMx 7; CMUA 7.) Not all benefits of transmission expansion, however, are quantifiable. The CAISO declined inclusion of an absolute requirement that benefits exceed costs because the need to make a precise quantification would interfere with the CAISO's obligation to consider "federal and state environmental and other policies" or its ability to evaluate other tangible, yet currently unquantifiable, benefits to transmission expansion.

Section 24.1.1(b) provides that the CAISO must "consider the degree to which, if any, the benefits of the project outweigh the costs ..." and that the "benefits of the project may include, but need not be limited to, a calculation of any reduction in production costs, Congestion costs, Transmission Losses, capacity or other electric supply costs resulting from improved access to cost-efficient resources, and environmental costs." The limited flexibility inherent in Section 24.1.1 compliments the express requirement in Section 24.2(a) that the CAISO consider federal and state environmental and other policies<sup>4</sup> without vitiating the need for a favorable cost-benefit relationship. (Section 24.2(a).) State and federal policies, including increasingly stringent limitations on "greenhouse gas"

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<sup>4</sup> CalWEA asserts that the Commission should direct the CAISO to include specific language to "explicitly consider federal initiatives to promote transmission to interconnect renewable energy projects sited on federal lands." (CalWEA 5.) The CAISO believes that Section 24.2(a) satisfies CalWEA's concern and appropriately allows federal policy to change without compelling each time a conforming modification to the CAISO Tariff.

emissions and other environmental mandates, are greatly affecting the current and future portfolio of available generation supply and its concomitant transmission needs. Simply put, the CAISO cannot plan the transmission system in a vacuum, but rather must account for and promote other evolving regulatory objectives.

The CAISO has chosen to account for state and federal policies within the context of economically driven projects, not through a separate category for regulatory objectives. This approach minimizes the potential for the CAISO inadvertently to allow other entities to control transmission planning decisions through their regulations, in contravention of the requirements of Order No. 890. It ensures that policy considerations must be weighed through a prism of a cost/benefit analysis, but does not absolutely preclude approval of a project whose quantifiable benefits may not be demonstrated to exceed costs.

A hard and fast rule that benefits must exceed costs implies that both are quantifiable. Although the ability to credibly quantify externalities is improving, the deficiencies in the current “state of the art” should not prevent the CAISO from considering identifiable, but as of yet unquantifiable, benefits of a transmission upgrade within the calculus of other more traditional measures.

### **3. Increasing Transparency by Altering Transmission Planning Process Timelines**

Six Cities, BAMx, and CMUA note that the Transmission Planning Process timelines could be altered to increase the goals of transparency and meaningful participation. These parties focus on two areas. First, they complain that the Transmission Planning Process should specify the time by which results of technical studies should be published, in addition to defining the time by which technical studies must be completed and stakeholder meetings held to address the study results. They

further note that under the Transmission Planning Process' current timelines, if results are published on October 31 (and presumably a stakeholder meeting held the same day), only two weeks would remain to apply the preliminary results to develop and submit projects or other requests into the Request Window that closes on November 15. Six Cities reinforces this position by stating that the Congestion Data Summary that is intended to guide the submission of requests for Economic Planning Studies is also published in October of each year. Accordingly, these parties recommend that “[a]t a minimum, a one-month period should be allowed between the publication of the technical analyses and/or results of the technical studies and the close of the Request Window.” (BAMx 7-8; CMUA 7-8; Six Cities 7-8.)

Although a one-month interval between the publication of preliminary results of technical analyses and the close of the Request Window is possible under the filed Transmission Planning Process, and will in fact often be the case, the CAISO agrees that additional clarification is warranted. As proposed, the technical analyses must be completed and a stakeholder meeting held by October 31, two weeks before the close of the Request Window. (BPM Section 2.1.3.) It is the CAISO's existing practice of publishing material for the stakeholder meeting prior to the meeting date, which could allow for a one-month review. The one-month review period can be ensured by simply specifying in the BPM that preliminary results must be published at least two-weeks prior to the stakeholder meeting to discuss the results ( $\approx$  Oct. 17 to Nov. 15). Nevertheless, the CAISO also believes extending the Request Window to November 30 would further facilitate the ability of entities to properly respond to information provided during the Transmission Planning Process. This would extend the “validation” period for the request

window through approximately December 28. (See BPM Section 3.2.) This alteration will still allow the CAISO's Transmission Planning Process to synchronize with the request window of the WECC's Transmission Expansion Planning Policy Committee ("TEPPC"), which runs from November 1 to January 31.<sup>5</sup> Thus, any project or request that should properly be referred and considered by TEPPC may still do so within the same planning cycle.

Second, the parties complain that the Transmission Planning Process timeline does not provide dates and milestones for publication of the draft Transmission Plan. The CAISO understands the concerns expressed and proposes to rectify this omission by specifying in the BPM that the draft Transmission Plan will be discussed at a stakeholder meeting on or before December 10 and that the draft Transmission Plan will be published a minimum of seven calendar days prior to the scheduled stakeholder meeting. This represents a reasonable compromise between the need for stakeholders to have sufficient time to review and comment on the Transmission Plan and the practical need for the CAISO to have sufficient time to produce the Transmission Plan following the discussion of the preliminary results of the technical analyses.

#### **4. Entities Other than Scheduling Coordinators Are Entitled to Confidential Treatment of Submitted Data**

TANC correctly asserts that the structure of Section 20.2 creates confusion. Subsection (h) of Section 20.2 sets forth a non-exhaustive list of categories of information received through the Transmission Planning Process entitled to confidential treatment.

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<sup>5</sup> Transmission Planning Protocol of Western Electricity Coordinating Council's Transmission Expansion Planning Policy Committee, Sec. 5.2.3 (<http://www.wecc.biz/documents/library/TEPPC/TEPPC-Planning-Protocol-v1-2a.doc>)

Section 20.2 begins and therefore precedes each subsection with language that “[t]he following information provided to the ISO by Scheduling Coordinators shall be treated by the ISO as confidential.” This implies that regardless of whether the information received through the Transmission Planning Process falls within a protected category, it will only receive confidential treatment if submitted by a Scheduling Coordinator. This is wrong and should be corrected. The Transmission Planning Process includes provisions for the CAISO to obtain information from diverse Market Participants and other entities and, as such, TANC is correct that it is the characteristics of the information, not the source, that dictates whether it is entitled to protection.

#### **5. Certain Proposed Changes to Sections 20.2 and 20.4 Are Reasonable**

CMUA<sup>6</sup>, PG&E, and Six Cities<sup>7</sup> raise distinct, but interrelated concerns regarding confidentiality under Sections 20.2(h) and 20.4(e). CMUA claims Section 20.2(h)(2), which provides that the CAISO may treat as confidential “information, the release of which may harm competitive markets, as determined by the CAISO’s Department of Market Monitoring,” grants the CAISO “unfettered discretion” to withhold information. CMUA further asserts that the undue discretion accorded the CAISO is compounded by its ability to withhold the data under Section 20.4(e), notwithstanding the willingness of an appropriate entity to execute a non-disclosure agreement. (CMUA 4-6.)

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<sup>6</sup> CMUA has also identified a typographical error in the CAISO’s filing. Section 20.4(e) should cross-reference Section 20.2(h)(1) and (2), not Section 20.2(f).

<sup>7</sup> Six Cities states that the CAISO should be directly to promptly file with the Commission a pro forma non-disclosure agreement (“NDA”). The CAISO has developed an NDA for use in the context of the Transmission Planning Process and has made it available on the CAISO Website at <http://www.caiso.com/1f42/1f42d6e628ce0.html>.

PG&E objects to the provisions of Section 20.4(e)(ii) that allow disclosure of confidential information received under Section 24.2.3.3 to individuals who are or represent “Non-Market Participants” as that term is defined under Commission Standards of Conduct for Transmission Providers (18 C.F.R. § 358 et seq.). Section 24.2.3.3 relates to the CAISO’s solicitation from Load Serving Entities of information, including, but not limited to long-term resource plans, existing contractual information, and resource capacity and energy bid information received through request for offers and similar processes. Simply put, PG&E believes the safeguards under Section 20.4(e) are insufficient given the highly sensitive nature of the information solicited under Section 24.2.3.3 and believes Section 24.2.3.3 should be narrowed or eliminated. (PG&E 2-4.)

With respect to Section 20.4(e)(ii), Six Cities further notes that the allowance of disclosure to an individual that “represents” a Non-Market Participant creates ambiguity “whether an employee, consultant, or attorney who ‘represents’ an entity that is a Market Participant but who is not ‘involved in a marketing, sales, or brokering function’ may have access to confidential information. (Six Cities 4-5.)

The CAISO agrees with CMUA that to the extent the standards and procedures set forth in Section 20.4(e) are satisfied, the entity requesting disclosure of transmission planning related information should be entitled to it. The CAISO therefore concurs with the suggested edit to Section 20.4(e) so that it reads: “Notwithstanding the provisions of Section 20.2(h), information submitted through the Transmission Planning Process *shall* be disclosed as follows.”

The CAISO also believes several changes are appropriate to address PG&E’s concerns. First, PG&E appears to mistakenly believe that Section 24.2.3.3 imposes an

affirmative obligation on Load Serving Entities to disclose information. Section 24.2.3.3 instead is intended for the provision of information to the CAISO by Load Serving Entities to be strictly voluntary. Consistent with that intent, that section states that the “CAISO will solicit ... information.” Nevertheless, to further encourage voluntary disclosure by Load Serving Entities, the CAISO should make clear that it will not disclose information received under Section 24.2.3.3, except in a composite form that does not reveal the confidential information of any particular Load Serving Entity.<sup>8</sup> Accordingly, Sections 20.2(h) and 20.4(e) should be amended as follows:

20.2(h)

- (1) Information received under Sections 24.2.3.2 [of Appendix EE] to the extent such information has been designated as confidential in accordance with the Business Practice Manual;
- (2) Information received under Sections 24.2.3.3 [of Appendix EE] to the extent such information has been designated as confidential in accordance with the Business Practice Manual;
- (3) Information, the release of which may harm competitive markets....  
20.4(e)
- (ii) Information that is confidential under Section 20.2(~~h~~)(~~1~~) or 20.2(~~h~~)(~~3~~) may be disclosed to any individual designated by a Market Participant, electric utility regulatory agency within California, or other stakeholder that signs and returns to the CAISO the form of the nondisclosure agreement, nondisclosure statement and certification that the individual is or represents a non-Market Participant, which is any person or entity not involved in a marketing, sales, or brokering function as market, sales, or brokering are defined in FERC’s Standards of Conduct for Transmission Providers (18 C.F.R. § 358 et seq.), included as part of the Business Practice Manual; and

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<sup>8</sup> By eliminating the potential for disclosure of granular Load Serving Entity data received under Section 24.2.3.3, it also vitiates the need for the CAISO adopt procedures, as requested by Six Cities, to shift the burden of the submitting entities to justify application of confidential treatment of particular data. (Six Cities 5-6.)

**C. Issues Regarding the Commission’s Dispute Resolution Principle**

**1. Clarification of Application of Dispute Resolution (“ADR”) Procedures to Requests for Economic Planning Studies**

BAMx requests that the CAISO clarify whether the Alternative Dispute Resolution procedures of Section 13 of the CAISO Tariff are applicable to the CAISO designation and determination of High Priority Economic Planning Studies. (BAMx 10.) BAMx has correctly identified an error in the CAISO’s 2008 Transmission Plan, which was developed in 2007 prior to the effective date of the any provisions governing Economic Planning Studies. In fact, the provisions of CAISO Tariff Section 13 apply to Economic Planning Study requests and the determination of High Priority Economic Planning Studies.

**2. CAISO ADR Procedures Properly Comport with Regional Planning Processes**

TANC, SMUD, and CMUA contend that “[p]lanning disputes, whether concerning local or regional planning, that affect neighboring non-ISO Control Grid facilities or operations should not be subject to the ISO’s ADR procedures. Instead, such disputes should be addressed separately, recognizing the regional nature of the issue.” (TANC 9; see also SMUD 4; CMUA 9-10.) These parties are incorrect.

The CAISO’s ADR Procedures “apply to all disputes between parties which arise under the ISO Documents except where the decision of the ISO is stated in the provisions of this ISO Tariff to be final.” (Section 13.1.1.) ISO Documents are the CAISO Tariff, CAISO bylaws, and any agreements entered into between the CAISO and a Scheduling Coordinator, a Participating TO or any other Market Participant pursuant to the CAISO Tariff. Together, these provisions properly focus the CAISO’s ADR Procedures on

disputes relating to the authority granted to the CAISO either under its Tariff or consensually by a counter-party pursuant to contract. Accordingly, the material consideration is not whether the dispute “affect[s] neighboring non-ISO Control Grid facilities or operations,” but rather whether the CAISO has the authority to make such a determination; if so, the CAISO’s ADR Procedures will apply coextensively with the scope of that authority.

Further, nothing in the CAISO Tariff prevents the CAISO from entering into an agreement with a sub-regional planning group, which is not a Market Participant, that prescribes dispute resolutions procedures outside the CAISO’s ADR Procedures. The CAISO, for instance, is bound as a member of WECC to WECC’s dispute resolution procedures found in Appendix C of the WECC Bylaws. WECC’s procedures themselves, however, exempt from their scope any dispute that is the subject of a separate agreement, treaty, applicable tariff, or rate schedule of one of the parties. (See, Section C.2 of Appendix C to WECC Bylaws.) Thus, to the extent the CAISO Tariff comports with the requirements of a transmission provider under Order No. 890, disputes arising under the Transmission Planning Process itself are properly resolved through the use of the CAISO ADR Procedures.

Related to the foregoing argument is the concern expressed by CMUA, TANC, and SMUD regarding Section 24.8.2, which provides that “[n]either the CAISO nor any Participating TO nor any Market Participant shall take any position before the WECC or regional organization that is inconsistent with a binding decision reached through an arbitration proceeding pursuant to Section 13 of the CAISO Tariff.” (CMUA 9-10; SMUD 4; TANC 9-10.) Section 24.8.2 is not new language. Rather, the provisions of

that section were previously accepted by the Commission in Section 24.2.4 of the CAISO Tariff, as configured prior to the filing in this docket, and merely transferred to Section 24.8.2. No party has shown that the language is no longer just and reasonable.

However, the CAISO does agree that language in Section 24.8.2 implying that decisions pursuant to Section 13 of the CAISO Tariff bind any Market Participant whether or not they participated in the ADR Procedures, should be changed to restrict its application only to those parties who had the opportunity to intervene in the Section 13 proceeding.

Otherwise, entities could effectively forum shop by electing to avoid participation in the CAISO's ADR Procedures.

### **3. The CAISO's ADR Procedures Comply with Order No. 890**

CMUA urges the Commission to compel the CAISO to revise its submitted Transmission Planning Process by resurrecting a prior, but ultimately rejected, CAISO proposal to utilize a Study Plan Consultant to address disputes arising during development of the Unified Planning Assumptions and Study Plan. (CMUA 10-12.) The CAISO's Study Plan Consultant proposal discussed during the stakeholder process contemplated engaging a third-party to provide the CAISO with non-binding recommendations on a limited set of potential disputes associated with the Unified Planning Assumptions and Study Plan. In the end, the CAISO elected not to incorporate the Study Plan Consultant proposal in the CAISO Order No. 890 Compliance Filing based on various considerations, including financial resource restrictions, and instead chose to rely on its existing ADR Procedures.

Order No. 890 allows transmission providers to rely on existing dispute resolution procedures.<sup>9</sup> Both the Commission, and later its staff, recommended transmission providers consider a three-step dispute resolution process of negotiation, mediation, and arbitration, in that order. However, transmission providers could also provide for a complaint opportunity with the Commission if during the mediation or negotiation step.<sup>10</sup>

The CAISO's ADR Procedures already conform with the Commission's recommended prescribed three-step dispute resolution process. While the Commission staff did suggest that transmission providers may tailor the dispute resolution process for particular types of disputes, it did not indicate that the Commission demanded such tailoring. Here, no tailoring is necessary. The CAISO's ADR Procedures allow participants in the Transmission Planning Process to first negotiate with the CAISO (Section 13.2.1), and if negotiations are unsuccessful, the participant may submit a statement of claim initiating mediation. (Section 13.2.2.) A meeting with an identified mediator may occur under CAISO ADR Procedures within approximately one month of the submission of the statement of claim. (Sections 13.2.2, 13.2.3, and 13.2.4). Moreover, during this time, a summary of the statement of claim must be published by the CAISO to provide notification and an opportunity to intervene to other interested parties. (Section 13.2.3.) Within 30 days from the date of an agreement to mediate, if no resolution has been reached, a party can commence arbitration. (Section 13.2.5.) Accordingly, the CAISO's ADR Procedures can provide a means of meaningfully resolving disputes arising within the context of the Transmission Planning Process.

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<sup>9</sup> Order No. 890 at PP 501-503.

<sup>10</sup> *Id.*; see also *Order No. 890 Transmission Planning Process Staff White Paper*, RM05-17-000 and RM05-25-000 (Aug. 2, 2007) at p. 12.

**D. Issues Regarding the Commission’s Regional Participation Principle**

IID contends that the CAISO’s Transmission Planning Process fails to ensure the CAISO will coordinate with IID as a neighboring transmission provider and balancing authority operator in a meaningful way. (IID 3.) The CAISO shares IID’s desire to promote efficient regional coordination, reduce the risk of duplicative facilities and stranded investment, and develop an environmentally sound transmission backbone. Had IID taken advantage of the numerous opportunities to participate in the CAISO’s Order No. 890 stakeholder process and air its concerns through submission of written comments during that process, the CAISO could have responded to those concerns. Nonetheless, the CAISO believes its Order No. 890 compliance provisions foster these objectives and that many, but not all, of IID’s suggestions for improvement are unnecessary, impractical, or counter-productive.

**1. The Scope of the CAISO’s Ability to Obtain Information from Neighboring Balancing Area Authorities is Appropriate**

IID claims that Section 24.2.3.4 could allow the CAISO to seek more information than is necessary for it to complete the regional elements of its Transmission Planning Process. (IID 12-13.) That section seeks to facilitate regional coordination by requiring the CAISO to:

*Obtain or solicit* from interconnected Control Areas, regional and subregional planning groups within the WECC, the CPUC, the CEC, and Local Regulatory Authorities information required by, or anticipated to be useful to the CAISO in its performance of the Transmission Planning Process, including, but not limited to (1) long-term transmission system plans; (2) long-term resource plans; (3) generation interconnection queue information; (4) Demand forecasts; and (5) any other data necessary for the development of power flow, short-circuit, and stability cases over the planning horizon of the CAISO Transmission Planning Process.  
[Emphasis added.]

IID's concern is misplaced for two reasons. First, Section 24.2.3.4 explicitly limits the CAISO's request for information to "information required by, or anticipated to be useful" to the Transmission Planning Process. Second, regardless of the type of information requested by the CAISO, nothing in Section 24.2.3.4 compels the solicited party to provide the information. Section 24.2.3.2 provides only that the CAISO must attempt to obtain or solicit the information. Section 24.2.3.4 does not impose or create a federalized obligation, or any other type of obligation, on entities other than the CAISO. IID retains complete discretion to determine whether to cooperate with the CAISO.

IID's suggestion that the tariff require disclosure by the CAISO should also be rejected. (IID 13.) In light of the limits of the CAISO's authority to obtain information, the CAISO does not believe a one-way affirmative obligation on itself to share information is consistent with the structure of Section 24.2.3.4.

## **2. The CAISO Tariff Is Not Unduly Vague or Grant the CAISO Too Much Discretion**

IID makes several claims that the CAISO Tariff is too vague or grants the CAISO too much discretion. First, it notes that Section 24.2.5.2 provides that the draft and final Transmission Plan may include "assessments of transmission upgrades and additions not proposed under Section 24.1 ... and for which need has not been formally determined by the CAISO Governing Board or management, as applicable, ... but which have been identified by the CAISO as potential solutions to transmission needs studied during the Transmission Planning Process cycle." This provision was, in fact, added at the request of stakeholders to increase transparency. The language requires disclosure of promising conceptual projects or other transmission solutions incubated through the Transmission Planning Process that have not yet been fully assessed or proposed either by a Project

Sponsor or the CAISO under Section 24.1 and therefore have not received consideration for formal approval. Consideration of conceptual projects will necessarily be guided by the Transmission Planning Process and the ultimate standards for approval, i.e., the reliability and economic considerations under Section 24.1. For this reason, as well as the fact that this provision relates only to planning stage or conceptual projects not being considered for approval, the Commission should reject IID's request for additional "guidance" within the language of the Tariff. (IID 13.)

IID also suggests that Section 24.2.5.2(c) should explain why a study performed within the Transmission Planning Process would be completed after publication of the Transmission Plan. (IID 11.) That explanation is already provided in the BPM. In Sections 2.1.2.2 and 2.1.2.4 of the BPM, the CAISO explains that larger projects proposed through the Request Window may be studied and reported for practical reasons, i.e., size and complexity, on a schedule separate from other technical studies conducted as part of the Transmission Planning Process. This is consistent with the fact that such projects will be considered by the CAISO Governing Board independently of the Transmission Plan report.

IID further claims that Section 24.5 contains a vague reference to "operating flexibility" which may provide the CAISO with too much discretion in considering which projects are acceptable to include in the CAISO's Transmission Plan. (IID 11.) The phrase "operating flexibility" is not new, but rather was part of Section 24.4 of the CAISO Tariff prior to the Order No. 890 compliance filing. IID has provided no basis to conclude that this previously accepted standard has been rendered unjust and unreasonable or is inconsistent with Order No. 890 principles. IID advocates for the CAISO restrictions on

the engineering judgment traditionally allowed transmission providers, even though IID, which has chosen not to file in compliance with Order No. 890, would not be subject to any such restrictions. The Commission should reject this effort; any party aggrieved by the CAISO's exercise of engineering judgment may seek redress through ADR Procedures.

Finally, while IID does not object to granting CAISO management the authority to approve projects with capital costs less than \$50 million, it believes that such projects outside the Participating TOs' service territories should require "CAISO Governing Board approval in coordination with the applicable regional or subregional planning process." (IID 12.) The CAISO does not believe such a change is necessary. Both the CAISO Governing Board and management apply the same standards when determining whether to adopt transmission upgrades or additions and the same remedies are available to an aggrieved party.

Further, even if the Commission should require CAISO Governing Board approval of such projects, it should not adopt IID's suggested requirement that CAISO Governing Board approval must be given in coordination with regional or subregional planning processes. Only the CAISO's assessment of the project should require such coordination. Nothing in Order No. 890 requires or even suggests that transmission providers cede decision-making authority to other entities.

### **3. The CAISO Should Not Be Required to List Specific Entities With Whom the CAISO Will Coordinate**

IID commends the CAISO for coordinating with other entities through regional planning processes as expressed in Section 24.1.3.3 and applauds the CAISO's

willingness to assess projects that simply connect to the CAISO Control Area or Controlled Grid. (IID 6.) Nevertheless, IID contends that, “on the whole, the CAISO’s tariff is not sufficient to ensure that region-wide benefits are achieved.” (IID 7.) To rectify this purported deficiency, IID suggests Section 24.8 be modified to incorporate expressly the names of “some of the organizations with in [sic] which the CAISO should participate,” including the WestConnect/Southwest Area Transmission Planning Group (“SWAT”), the Renewable Energy Transmission Initiative (“RETI”), and the California Sub-Regional Planning Group (“CSRPG”). (IID 7.) Even without regard to the absence of any reciprocal commitment by IID to engage the CAISO or others, IID’s recommendation is ill-advised and unnecessary.

Section 24.8 requires that the CAISO not only be a member of and participate in WECC, but also similarly be a member of and participate in other applicable regional and subregional coordinated planning processes. BPM Section 5.1 specifically identifies a representative, but not exhaustive, list of planning entities with which the CAISO will communicate. Writing a list of entities into the tariff is inappropriate, particularly in light of the evolving nature of regional and subregional structures. IID would embody in tariff language entities that are not even formally in existence or clearly defined, i.e., CSRPG and RETI, or may cease to exist at some time in the future. The BPM, not the tariff, constitutes the appropriate place for identification of specific entities, and the CAISO is not averse to augmenting its representative list.

#### 4. The CAISO Planning Standards Do Not Create a Tariff “Loophole”

IID further claims that the CAISO has written in a “loophole” into the CAISO Tariff by including provisions allowing for the development of CAISO Planning Standards in Section 24.2.1. (IID 8.) IID speculates that the CAISO Planning Standards “arguably may” result in a transmission plan that favors one project over another in a manner that avoids meaningful coordination using consistent NERC/WECC planning standards. (IID 8-9.) IID’s criticism is unfounded. The CAISO possesses the authority under California law<sup>11</sup> to adopt planning standards more stringent than those of NERC/WECC. Not only has the Commission not prohibited such efforts to ensure greater reliability, and indeed has explicitly acknowledged the possibility of such standards.<sup>12</sup> Moreover, the Commission has emphasized that it does not intend to displace State reliability requirements that are non inconsistent with NERC/WECC reliability standards.<sup>13</sup> Any such standards must, of course, operate in a nondiscriminatory manner, but there is no basis for depriving the CAISO of its statutory authority. Again, IID would seek to unreasonably restrict the CAISO without any concomitant commitment to restrict its own discretion or to coordinate all actions with neighboring balancing area authorities.

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<sup>11</sup> Cal. Public Utilities Code § 345.

<sup>12</sup> *Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, 71 FR8662 (Feb. 17, 2006), FERC Stats. & Regs. ¶ 31,204 (2006), order on reh’g, Order No. 672-A, 71 FR 19814 (April 18, 2006), FERC Stats. & Regs. ¶ 31,212 (2006) at PP290-297; Order No. 693, 118 FERC ¶ 61,218 (March 16, 2007) at P 1693.

<sup>13</sup> *Id.* at PP 808-815.

**5. The CAISO's Tariff Adequately Provides for Regional Coordination and Avoidance of Duplication**

IID submits a number of suggested modifications to the CAISO Tariff as purportedly necessary to provide meaningful coordination consistent with Order Nos. 890 and 890-A. (IID at 8.) Many of the proposed changes significantly exceed and, in some instances, are inconsistent with the requirements articulated by the Commission. These should be disregarded as overreaching. Others are simply redundant of proposed CAISO Tariff language. However, not all of IID's suggestions are objectionable; some will enhance the clarity of the CAISO Tariff and comport with the fundamental objectives of Order No. 890.

A fundamental flaw in many of IID's suggestions is that they improperly go beyond simply enhancing coordination to usurping the transmission provider's responsibility for planning and reassigning it to coordinating entities. For example, IID would require, as a precondition to CAISO approval of transmission additions or upgrades outside of the Participating TO's Service Territories, the approval of "any applicable regional or sub-regional transmission planning process." (IID, Attachment A Section 24.1.) Similarly, IID proposes to add as a screening criteria in the assessment of projects submitted during the Request Window whether the project is functional duplicative of transmission upgrades or additions "approved by neighboring transmission providers." (IID, Attachment A Section 24.2.2.1.) While the CAISO has imposed upon itself the obligation to seek to avoid duplicative transmission facilities, IID's suggestion would allow other entities' effectively to preclude the CAISO's consideration of potential projects *ab initio*, based on the other entities' evaluations of the function of the upgrade or addition and determinations that they have approved a duplicative project. As the

Commission noted, however, “the ultimate responsibility for planning remains with transmission providers.”<sup>14</sup> The Commission did not in Order No. 890 intend, by incorporating a regional coordination principle, to dilute the decision making authority of the transmission provider or to permit parochial interests to erect insurmountable barriers to transmission investment.<sup>15</sup>

As noted, other modifications proposed by IID are unnecessary because the substance is already included in the CAISO Tariff or BPM. Most of these changes attempt to enhance the exchange of information between the CAISO and external entities. For example:

- Section 24.1.1.1 – Information Requirements for Economic Transmission. IID’s proposed amendments require distribution of information from the Project Sponsor to other entities. However, the purpose of this section is to compel the provision of information to the CAISO. The CAISO distributes the information obtained for economically driven projects as part of the Unified Planning Assumptions and Study Plan and, if modified during the technical studies, upon release of the preliminary results. (See Sections 24.2.4.3 and 24.2.5.1 and BPM Section 4.1.3.) This structure, in contrast to that proposed by IID, facilitates the protection of confidential information.
- Section 24.2.4.1 – Additional Projects and Data for Development of the Unified Planning Assumptions and Study Plan. IID proposes to add a section requiring that the Unified Planning Assumptions be developed with consideration of

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<sup>14</sup> Order No. 890 at P 454.

<sup>15</sup> This flaw also affects IID recommendations on CAISO Tariff sections relating to Location Constrained Resource Interconnection Facilities (“LCIF”) (Section 24.1.3). IID recommends that matters relating to LCRIF be resolved in the pending docket on that matter and the CAISO agrees (FERC Docket No. ER08-140-000).

“[t]ransmission upgrades and additions by non-Participating TOs and neighboring balancing authorities as obtained through the sub-regional planning process.”

Section 24.2.4.1, however, already requires the CAISO to consider information received under Section 24.2.3, which includes information from interconnected Control Areas and regional and subregional planning groups.

- Section 24.2.5.2 – Development of Transmission Plan. IID would add a section to compel coordination with sub-regional planning groups during the development of the Transmission Plan to minimize duplication of facilities. Section 24.2, however, already requires that the Transmission Planning Process “[s]eek to avoid unnecessary duplication of facilities and ensure the simultaneous feasibility of the CAISO Transmission Plan and the transmission plans of interconnected Control Areas, and otherwise coordinate with regional and subregional transmission planning processes and entities.” *All* stakeholders, which would include such interconnected Control Areas and regional and sub-regional groups, may comment on the draft Unified Planning Assumptions and Study Plan, technical studies, and draft Transmission Plan. (Sections 24.2.4.3, 24.2.5.1, and 24.2.5.2 and BPM Section 5.1.)
- Section 24.9 - Economic Planning Studies. IID’s proposed changes are redundant of the provisions governing the development of the Unified Planning Assumptions. In addition, the intent of Economic Planning Studies is not to propose for approval specific transmission upgrades or additions. Therefore the language included in IID’s modifications is unnecessary.

- Section 24.9.1 – Congestion Data Summary. The CAISO’s Congestion Data Summary evaluates all “Congestion on the CAISO Controlled Grid.” (BPM Section 4.2.2.1.) Accordingly, there is no need to further specify that the scope of the report shall include “all interconnection points between the CAISO and its neighboring balancing authorities.”

Nonetheless, as noted, several of IID’s proposed edits to the CAISO Tariff are sound in principle and language addressing IID’s concerns could be incorporated on further compliance by the CAISO. The CAISO agrees that Section 24.4 should be amended to ensure that in performing a Facilities Study for an approved transmission project, the applicable Participating TO should coordinate with neighboring Balancing Authority Areas, as applicable. Similarly, the operational review under section 24.5 should coordinate with the Balancing Authority Area operators to the extent the upgrade or addition is located in or interconnected to those systems.

#### **E. Issues Raised By the CPUC Regarding the BPM**

The CPUC contends that Economic Planning Studies are treated in the BPM as largely involving alleviation of documented congestion, such as in the discussion of data requirements Section 3.3.5. The CPUC believes that this is too narrow an approach and that Economic Planning Studies, including the process and criteria for conducting them, should explicitly include the full range of network upgrades needed not only to mitigate documented congestion, but to access new, especially renewable, resources or to contribute to the creation of new Congestion Revenue Rights. (CPUC 4-5.)

Order No. 890 revised the NOPR to provide that Economic Planning Studies should “encompass the study of upgrades to integrate new generation resources or loads

on an aggregated or regional basis.”<sup>16</sup> The CAISO agrees with the CPUC that the BPM, and indeed the CAISO Tariff, do not fully reflect this scope. While Section 24.2.2.2, for example, directs consideration of such purposes in the determination of Priority Economic Studies, neither the definition of Economic Planning Studies nor the data submission requirements take account of Economic Planning Studies regarding the integration of new Generation resources or Loads. The CAISO agrees that both the CAISO Tariff and the BPM should be revised accordingly.

The CPUC states that the BPM specifies various ways for different categories of projects or studies to come into the annual study process, but that the BPM is unclear as to: (1) when certain kinds of study requests or projects may have a choice of multiple options to enter the process; and (2) how particular kinds of study requests or projects, entering via different routes may be treated differently, in terms of screening priority, timing of entry into the process, and information requirements. (CPUC 6.)

Although the CPUC describes areas that it believes need improvement, it does not specify any specific inconsistency or unclear provision, and none is readily apparent to the CAISO. Indeed, the CAISO believes that how consideration of various types of transmission projects are initiated in the Transmission Planning Process is clear. However, to the extent that the CPUC or other stakeholders identify such uncertainties or deficiencies in the BPM, the CAISO is fully committed to resolving these matters. Such details are included in the BPM, rather than the tariff, specifically to facilitate the evolution to a more helpful and relevant description of procedures to implement the CAISO Tariff provisions.

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<sup>16</sup> Order No. 890 at P 438.

The CPUC notes that, in the BPM, the screening process and screening criteria play a key role in winnowing study requests and project proposals coming in via the Request Window and other routes down to a manageable level. The CPUC believes that the BPM's description of the screening process and screening criteria requires further clarification, because, in its current formulation, it describes only three categories of screening criteria, which appear to represent only a preliminary or threshold qualification step. The CPUC states that these three criteria may be inadequate to achieve the degree of winnowing that is necessary. (CPUC 7.)

The CPUC is correct that the screening process represents only a threshold qualification step. The CAISO believes, however, that any further winnowing at such an early stage in the process would be unfair to proponents and potentially lead to inefficient outcomes by prematurely assessing the merits of various proposals. The CAISO does not at this time believe that the number of projects likely to meet the screening criteria will be unmanageable. Should circumstances prove otherwise, the CAISO will work with stakeholders to develop additional screening criteria.

The CPUC notes that the BPM allows for generation projects to be submitted for study in order to evaluate their effect “on resolving previously identified grid concerns, including Congestion . . .” It contends that this provision is too broad, and leaves open the possibility of bringing into the Transmission Planning Process generation procurement functions that are fundamentally the responsibility of other agencies (such as the CPUC) and of the resource procurement arms of the LSEs. (CPUC 8.)

The CAISO does not intend to usurp the generation procurement functions that are the responsibility of other entities. The CAISO further does not agree that the ability of

entities to propose generation projects interferes with such procurement functions. The information provided informs the Transmission Planning Process and its effort to design a transmission grid based on an informed assessment of potential alternative means to achieve reliability, regulatory and efficiency objectives. The CAISO notes that no LSE has expressed similar concerns.

Moreover, the CAISO does not agree with the CPUC's contention that generation and Demand-Side management options should be considered *only* for reliability purposes. To rule out consideration of such options for congestion relief, when they might be the most economic solution, would not be cost-effective. Nonetheless, the CAISO will work with the CPUC to ensure that the Transmission Planning Process does not interfere with the procurement roles of the CPUC and LSEs.

The CPUC argues that the discussion of regional and sub-regional coordination in the BPM is insufficient. It contends that the BPM's description of sub-regional and regional processes should require the CAISO to coordinate with applicable regional and sub-regional transmission planning processes and organizations regarding planning assumptions, data, and other activities that may affect transmission planning, seeking maximum practicable consistency. It asserts that adjacent transmission providers should have the opportunity to participate in development of the CAISO's Unified Planning Assumptions and Study Plan and in reviewing the results of technical studies performed as part of the CAISO's Transmission Planning Process. (CPUC 9.)

The CPUC further argues that the BPM should explicitly require that the CAISO coordinate with applicable regional and sub-regional planning processes and organizations regarding the appropriate level(s) for consideration of projects and study requests, with

Transmission Providers, such as the CAISO, constituting the destination of last resort for requests not accepted at the other levels, but that such providers are not required to conduct all requested studies and project assessments. (CPUC 9-10.)

The CAISO believes that the CAISO Tariff already adequately address (with one exception) the CPUC's concerns. As an initial matter, as noted above, Section 24.2 requires that the transmission planning process "[s]eek to avoid unnecessary duplication of facilities and ensure the simultaneous feasibility of the CAISO Transmission Plan and the transmission plans of interconnected Control Areas, and otherwise coordinate with regional and subregional transmission planning processes and entities." Section 24.2.3.4 requires the CAISO to solicit information from regional and sub-regional planning groups "required by, or anticipated to be useful to, the CAISO in its performance of the Transmission Planning Process, including, but not limited to (1) long-term transmission system plans; (2) long-term resource plans; (3) generation interconnection queue information; (4) Demand forecasts; and (5) any other data necessary for the development of power flow, short-circuit, and stability cases over the planning horizon of the CAISO Transmission Planning Process." *All* stakeholders, which would include such interconnected Control Areas and regional and sub-regional groups, may comment on the draft Unified Planning Assumptions and Study Plan, technical studies, and draft Transmission Plan.

Further, Section 24.8.1 of the CAISO Tariff requires that CAISO, at a minimum to:

- (a) solicit the participation, whether through sub-regional planning groups or individually, of all interconnected Control Areas in the development of the Unified Planning Assumptions and Study Plan and in reviewing the results

of technical studies performed as part of the CAISO's Transmission Planning Process in order to:

- (1) coordinate, to the maximum extent practicable, planning assumptions, data and methodologies utilized by the CAISO, regional and sub-regional planning groups or interconnected Control Areas;
  - (2) ensure transmission expansion plans of the CAISO, regional and subregional planning groups or interconnected Control Areas are simultaneously feasible and seek to avoid duplication of facilities.
- (b) coordinate with regional and sub-regional planning groups regarding the entity to perform requests for Economic Planning Studies or other Congestion related studies;
  - (c) transmit to applicable regional and sub-regional planning groups or interconnected Control Areas information on technical studies performed as part of the CAISO Transmission Planning Process;
  - (d) post on the CAISO Website links to the planning activities of applicable regional and sub-regional planning groups or interconnected Control Areas.

These requirements would appear to require specifically the coordination that the CPUC requests. The CAISO acknowledges, however, that the BPM does not fully reflect the requirements of Section 24.8.1. It should be revised accordingly.

The one CPUC concern that is not addressed by the CAISO Tariff is the CPUC's contention that the CAISO should constitute the destination of last resort for requests not accepted at the other levels. The CAISO believes it would be a waste of time and resources – and inappropriate – to require that transmission projects and studies specific to the CAISO Balancing Authority Area first be submitted to, and deemed inappropriate for, regional and sub-regional planning groups. Coordination does not require relinquishment of the CAISO's responsibilities. The CAISO, not regional and sub-regional planning groups, is responsible for maintaining the reliability of the CAISO Balancing Authority Area and maximizing transmission efficiency therein. Inter-regional projects should be

planned at the regional area. CAISO Balancing Authority Area projects should be planned with input from and in coordination with regional groups, but under the control of the CAISO.

The CPUC also argues that the CAISO needs to work towards the goal of finalizing the development of the currently proposed Pacific Southwest Planning Association (“PSPA”), a sub-regional planning entity that is intended to encompass all of the major transmission owning entities in California. In this regard, the CPUC notes that, to date, it has not been included in the informal process that has been working toward the establishment of the PSPA. The CPUC contends that, as the agency with rate-making and transmission siting oversight over California’s three major IOUs, the CPUC must have a seat at the table of the PSPA. It asks the Commission to direct the CAISO to include the CPUC in any future activities it engages in with respect to the establishment of the PSPA and as an active member of the PSPA, once it is established and operating. (CPUC 10.)

The CAISO is not averse to, and would not oppose, the participation of the CPUC in the PSPA. The CAISO, however, does not control the structure and composition of the PSPA. It would therefore be inappropriate for the Commission to direct the CAISO to include the CPUC in deliberations concerning the PSPA. The CAISO notes that many potential members of the PSPA are not under the CPUC’s jurisdiction and may have their own opinions about CPUC participation. The CPUC should direct its request to the potential members of the PSPA, not to the Commission.

### III. CONCLUSION

Wherefore, for all the reasons stated above, the CAISO respectfully requests that the Commission accept the CAISO Order No. 890 Compliance Filing, with agreed upon modifications as set forth herein.

Respectfully submitted,

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Dated: February 14, 2008

**CERTIFICATE OF SERVICE**

I hereby certify that I have, this 14<sup>th</sup> day of February 2008, caused to be served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

**/s/ Grant Rosenblum**  
Grant Rosenblum