

UNITED STATES OF AMERICA 90 FERC ¶ 61,196
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;
William L. Massey, Linda Breathitt,
and Curt Hébert, Jr.

California Independent System Operator Corporation Docket No. ER00-800-000

Pacific Gas and Electric Company Docket No. ER00-900-000

ORDER ACCEPTING INFORMATIONAL FILING AND ACCEPTING
FOR FILING AND SUSPENDING RATES, SUBJECT TO REFUND
AND SUBJECT TO FURTHER ORDERS

(Issued February 25, 2000)

In this order, we accept the informational filing submitted by the California Independent System Operator Corporation (ISO) in Docket No. ER00-800-000. We also accept for filing, subject to refund and subject to further orders, Pacific Gas and Electric Company's (PG&E) proposed rate increase in Docket No. ER00-900-000.

Background

In 1998, the Commission approved a settlement which established a grid management charge (GMC) for the ISO, a formula rate designed to recover its operational costs (GMC Settlement).¹ The GMC is charged to all Scheduling Coordinators, among them, PG&E. PG&E's GMC tariff allows it to pass through the GMC to applicable wholesale contract customers for which PG&E acts as a scheduling coordinator.

In previous orders, the Commission accepted the extension of the GMC and PG&E's pass-through rate through December 31, 2000, subject to refund and subject to

¹See California Independent System Operator Corporation, et al. 83 FERC ¶ 61,247 (1998).

the outcome of the proceeding in which the ISO submits a revised GMC to become effective on January 1, 2001.²

Under the GMC Settlement, the parties agreed to the GMC through December 31, 1998, conditioned on the ISO agreeing to study the unbundling of the GMC. Because the ISO had not completed the GMC unbundling study, the Commission later granted extensions of the GMC formula through December 31, 2000, and initiated proceedings under section 206 of the Federal Power Act (FPA)³ to establish refund effective dates.⁴

On December 15, 1999, the ISO submitted in Docket No. ER00-800-000 an annual informational filing in accordance with the GMC Settlement which shows a GMC increase from \$0.778/MWh to \$0.830/MWh, for the period January 1, 2000 to December 31, 2000. PG&E filed on December 27, 1999, proposing to revise its GMC tariff to reflect the updated GMC charge. PG&E requests an effective date of January 1, 2000.

Notices, Interventions and Protests

ER00-800-000

Notice of the ISO's filing was published in the Federal Register, 64 Fed. Reg. 73,542 (1999), with comments, protests and interventions due on or before January 7, 2000. The Public Utilities Commission of the State of California (California Commission) filed a timely notice of intervention raising no substantive issues. California Department of Water Resources (DWR), California Electricity Oversight Board (Oversight Board), California Power Exchange Corp., Duke Energy Trading & Marketing, LLC, Modesto Irrigation District (Modesto), Northern California Power Agency (NCPA), Pacific Gas and Electric Company, Sacramento Municipal Utility District (SMUD), San Diego & Electric Company, Southern California Edison Company, the Transmission

²See California Independent System Operator Corporation and Pacific Gas and Electric Company, 85 FERC ¶ 61,433 (1998), order on reh'g, 87 FERC ¶ 61,023 (1999); California Independent System Operator Corporation, 87 FERC ¶ 61,304 (1999); Pacific Gas and Electric Company, 88 FERC ¶ 61,003 (1999). In each case, the Commission deferred hearing procedures until the ISO has produced an unbundling study to identify which, if any, of the ISO's functions should be separately priced.

³16 U.S.C. § 824e (1994).

⁴See California Independent System Operator Corporation, et al., 85 FERC ¶ 61,433 (1998) and California Independent System Operator Corporation, et al., 87 FERC ¶ 61,304 (1999).

Agency of Northern California (TANC) and Williams Energy Marketing & Trading Company filed timely motions to intervene also raising no substantive issues. Turlock Irrigation District (Turlock) and the City and County of San Francisco (San Francisco) filed motions to intervene out-of-time raising no substantive issues.

The Cities of Redding and Santa Clara and M-S-R Public Power Agency (Cities/M-S-R) filed a timely motion to intervene and comments stating that they neither challenge nor accept the accuracy of the cost data contained in the ISO's filing. The Metropolitan Water District of Southern California (Metropolitan) also filed a timely motion to intervene and comments, questioning whether the ISO has neglected to include a certain category under the GMC formula.

The Western Power Trading Forum (WPTF) filed a timely motion to intervene, protest, and request for clarification, hearing, and consolidation. WPTF requests that the Commission clarify that acceptance of the filing would be "subject to the safeguards provided by FPA Sections 205 and 206,"⁵ and the filing states that WPTF protests for the same reasons that it has protested the ISO's previous GMC filings. Further, WPTF seeks suspension, refund authority, and consolidation with the proceedings in Docket Nos. ER99-473-000, ER99-2730-000, EL99-47-000, and EL99-67-000, and asks that the Commission set all of the aforementioned dockets for hearing. Enron Energy Services, Inc. (Enron) filed a timely motion to intervene and protest that adopts as its own the arguments contained in WPTF's filing.

On January 24, 2000, the ISO filed an answer.

ER00-900-000

Notice of PG&E's filing was published in the Federal Register, 65 Fed. Reg. 767 (2000), with comments, protests and interventions due on or before January 18, 2000. The California Commission filed a timely notice of intervention raising no substantive issues. DWR, Modesto, SMUD, TANC, Cities/M-S-R, the ISO, the Oversight Board, San Francisco, and Turlock filed timely motions to intervene also raising no substantive issues. NCPA filed a timely motion to intervene and protest. NCPA raises no objection to the revised charge, but requests clarification of PG&E's GMC tariff. NCPA notes that it has an interconnection agreement with PG&E on file, but that it also receives transmission service from the Western Area Power Administration (WAPA), and requests clarification that PG&E can only collect the GMC for deliveries to NCPA loads under the interconnection agreement.

⁵WPTF protest at 6.

Discussion

Procedural Matters

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁶ the notice of intervention and the timely, unopposed motions to intervene serve to make the intervenors mentioned above parties to this proceeding. In view of the early stage of this proceeding and the absence of any undue prejudice or delay, we will grant the motions to intervene out-of-time of San Francisco and Turlock in Docket No. ER00-800-000 for good cause shown.

We will reject the ISO's answer of January 24, 2000 to the extent that it represents an impermissible answer to a protest.⁷

Docket No. ER00-800-000 Information Filing

We will accept the ISO's informational filing in Docket No. ER00-800-000. The ISO submitted the informational filing in accordance with the GMC Settlement, which requires the ISO to submit an informational filing each year that calculates the GMC, based on the ISO's GMC formula and the following year's projected cost data and transmission volumes. Furthermore, as required under the GMC Settlement, the filing contains the information presented in the ISO's monthly financial report and such additional information as required to set the GMC unit rate for the following calendar year, including the criteria used to set the projected volumes.

Pursuant to Paragraph 16 of the GMC Settlement, parties objecting to the unit rate to be established pursuant to the ISO's annual informational filing must file a complaint under section 206 of the FPA. Neither of the parties protesting here, WPTF and Enron, have filed a section 206 complaint. We also note that all of the substantive arguments in the protests have been raised in other proceedings, and WPTF and Enron will be able to pursue those concerns in connection with those proceedings and/or the proceeding in which the ISO submits a revised GMC to become effective on January 1, 2001. Accordingly, we will accept the ISO's filing.

⁶18 C.F.R. § 385.214 (1999).

⁷See C.F.R. § 385.213(a)(2) (1999).

As we have stated in past decisions,⁸ we continue to believe that it makes little sense to establish a hearing regarding the GMC until the ISO has produced an unbundling study, and we will therefore deny WPTF's and Enron's requests to establish hearing procedures at this time. Since we are not establishing hearing procedures, we will deny the parties' requests to consolidate the informational filing with proceedings in Docket Nos. ER99-473-000, ER99-2730-000, EL99-47-000, and EL99-67-000.

Docket No. ER00-900-000 GMC Pass-Through Rate

Our preliminary examination of PG&E's filing indicates that PG&E's proposed rate has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. PG&E's proposed GMC pass-through rate filing tracks the ISO's informational filing, which we are accepting. However, our previous orders make the GMC and PG&E's pass-through rate subject to the outcome of investigations in EL99-47-000 and EL99-67-000 and subject to the outcome of the proceeding in which the ISO submits a revised GMC to become effective on January 1, 2001. Therefore, we will accept PG&E's proposed pass-through rate for filing and suspend it for a nominal period, and make it effective subject to refund and subject to the outcome of the pending proceedings discussed above. As discussed above, we will not establish hearing procedures at this time. NCPA's request for clarification regarding transmission service from WAPA is beyond the scope of this filing.

Since PG&E's proposed GMC pass-through rate tracks the ISO's 2000 GMC informational filing, which will become effective on January 1, 2000, we find that good cause exists to grant PG&E's unopposed request for waiver of the 60-day notice requirement in order to allow PG&E's proposed GMC pass-through rate to become effective on January 1, 2000.

The Commission orders:

- (A) The ISO's informational filing in Docket No. ER00-800-000 is hereby accepted.
- (B) Turlock's and San Francisco's motions to intervene out-of-time in Docket No. ER00-800-000 are hereby granted.
- (C) WPTF's and Enron's requests for a hearing are hereby denied.

⁸See California Independent System Operator Corporation, 87 FERC ¶ 61,304 at 62,230 (1999).

(D) WPTF's and Enron's requests for consolidation are hereby denied.

(E) PG&E's proposed GMC pass-through rate is hereby accepted for filing and suspended for a nominal period, to become effective January 1, 2000, subject to refund and subject to further orders, as discussed in the body of this order.

(F) PG&E's request for waiver of the 60-day notice requirement is hereby granted.

(G) PG&E is hereby informed of the following rate schedule designation: Pacific Gas and Electric Company, First Revised Sheet Nos. 1 through 3 to FERC Electric Tariff, Third Revised Volume No. 6 (Supersedes Original Sheet Nos. 1 through 3).

By the Commission.

(S E A L)

David P. Boergers,
Secretary.