

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

|   |   |                                |
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| <b>California Independent System Operator Corporation</b> | ) | <b>Docket No. ER04-445-004</b> |
|   | ) |                                |
| <b>Pacific Gas and Electric Company</b>                   | ) | <b>Docket No. ER04-443-003</b> |
|   | ) |                                |
| <b>San Diego Gas &amp; Electric Company</b>               | ) | <b>Docket No. ER04-441-003</b> |
|   | ) |                                |
| <b>Southern California Edison Company</b>                 | ) | <b>Docket No. ER04-435-005</b> |
|   | ) |                                |

**(Not Consolidated)**

**JOINT MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION AND PARTICIPATING TRANSMISSION OWNERS FOR IMMEDIATE RULING CONCERNING EFFECTIVE DATE OF ORDER NO. 2003 COMPLIANCE FILINGS**

Pursuant to Rules 212 and 2008 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 2008 (2004), the California Independent System Operator Corporation (“CAISO”) and its Commission-jurisdictional Participating Transmission Owners (Pacific Gas and Electric Company, San Diego Gas and Electric Company, and Southern California Edison Company (collectively, the “PTOs”)), hereby request an immediate ruling regarding the effective date of their compliance filings under Commission Order No. 2003, *et seq.*, which are due to be submitted on January 5, 2005. Specifically, the undersigned parties ask the Commission to confirm that the CAISO and PTO compliance filings will not be effective until after issuance of a Commission order accepting the filings, or in any event no sooner than 60 days after the January 5 filings. Furthermore, in order to prevent confusion and disruption in California energy markets, the undersigned parties request that the Commission issue such a ruling by no later than January 5, 2005.

## **BACKGROUND**

By order issued July 30, 2004, in the above-captioned dockets (108 FERC ¶ 61,104), the Commission rejected the original set of compliance filings by the CAISO and PTOs under Order No. 2003, *et seq.* These compliance filings would have established both a Standard Large Generator Interconnection Agreement (“LGIA”) and Standard Large Generator Interconnection Procedures (“LGIP”) for large generator interconnections to the CAISO-controlled transmission grid. By subsequent order issued September 28, 2004 (108 FERC ¶ 61,315), the Commission granted an extension of time, until January 5, 2005, for the parties to submit a revised compliance filing.

The September 28 order took note of a request by the CAISO and PTOs regarding the effective date for the required compliance filing, but it did not make a definitive ruling on the request. Specifically, the parties had requested that the compliance filing not be given an effective date earlier than the date of a Commission order ruling on the merits of the compliance filing. (September 28 order, P. 2.) In the September 28 order, the Commission declined to grant the request, but found that the parties could renew the request later, at the time they submitted the January 5 compliance filing. (*Id.*, P. 4.)

Upon reflection, the CAISO and PTOs now recognize that the opportunity to renew their effective date postponement request on January 5 could leave all the affected parties, including generators, generation project developers, and their financiers, in an untenable position as of January 6, 2005. Simply stated, the interested parties will not know on that date whether the postponement request has been granted. Accordingly, the undersigned parties are now submitting this request, in advance of the January 5 filing, and they seek an immediate ruling by the Commission with respect to the effective date issue.

## **DISCUSSION**

For the reasons discussed below, the CAISO and the PTOs hereby jointly request that their compliance filings under Order No. 2003, *et seq.*, not be given an immediate effective date upon submittal on January 5, 2005. Rather, the compliance filings should not be made effective until after they have been reviewed by the Commission and an order issued. At a minimum, the undersigned parties request that the compliance filings not be given an effective date earlier than 60 days after the date of submittal on January 5, 2005. In the meantime, until the compliance filings are made effective, the existing CAISO procedures regarding generator interconnections should continue to be in effect, and the PTOs should continue using their existing forms of agreement for generator interconnection and related facilities costs.

The undersigned parties also request immediate issuance of such a ruling, prior to January 5, 2005. This will ensure that all parties concerned with interconnections to the CAISO-controlled grid – including generators, generation project developers and financiers, the PTOs, and the CAISO – will have a clear understanding regarding the procedures and forms of agreement they should utilize commencing January 6, 2005.

Postponement of the effective date of the January 5 compliance filings will help prevent confusion and disruption of interconnections to the California ISO-controlled transmission grid. If the requested ruling is not granted, the January 5 compliance filings will be deemed to take effect as of the date of the filings, *i.e.*, on January 5, 2005. Given the comprehensive and complex nature of these filings, which govern all aspects of generator interconnection, it is reasonably likely that the forms of agreement and procedures the Commission ultimately approves may differ in some respects from the provisions laid out in the compliance filings themselves. This would create the risk that the forms of agreement and the procedures

ultimately approved for use in California may differ from those set forth in the compliance filings. It would be burdensome and potentially disruptive for generators (and their generation project developers and financiers) with projects in the queue during the interim period to have to adjust at a later time to new procedures or forms of agreement.

To illustrate the magnitude of this potential problem, in California there currently are 70-100 Generating Units in the interconnection queues of the active PTOs that could be adversely impacted if, after transitioning to the interconnection process provided for in the January 5 compliance filing, that process is later modified as a result of any changes the Commission orders to the LGIA filed on January 5. A similar issue arose in the Commission's acceptance of ISO Tariff Amendment No. 39, and the Commission in that instance ultimately found it necessary to reverse its original order so as to give Amendment No. 39 prospective effect. See *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services*, Order Granting Rehearing, 100 FERC ¶ 61,235 at PP. 4 and 5 (2002).

The better approach would be to allow the CAISO and PTO compliance filings to take effect only *after* they have been reviewed and approved by the Commission. This will ensure that the procedures and forms of agreement implemented in California are in full compliance with the Commission's rules and policies. It also would avoid the problems inherent in having generators enter into long-term interconnection arrangements that may differ from the form of LGIA and the LGIP ultimately approved by the Commission for use in California (and associated uncertainties for generation project developers and financiers).

The undersigned parties respectfully suggest that the Commission select one of the following three possible alternatives in setting the effective date for the January 5 compliance filings, in lieu of making the filings effective upon submittal on January 5.

***Option 1: Set the Effective Date to Follow After Commission Review and Approval of the Compliance Filings Under Order Nos. 2003, 2003-A and 2003-B.***

Just last week, on December 20, 2004, the Commission issued Order No. 2003-B (109 FERC ¶ 61,287), a further order on rehearing and clarification in the underlying rulemaking proceedings. Under Order No. 2003-B, a new round of compliance filings must be submitted within 60 days, *i.e.*, by February 18, 2005. Meanwhile, Order No. 2003-B has an effective date thirty days after issuance, *i.e.*, January 19, 2005.

Order No. 2003-B contains reasonably extensive and detailed changes to the *pro forma* language for the standardization of generator interconnection procedures and the associated interconnection agreement. These changes ultimately will need to be incorporated into the CAISO's and PTOs' compliance filings. Appendix B of Order 2003-B lists 27 separate changes to the *pro forma* LGIP and LGIA, many of which may have a material impact on the Order 2003-A compliance filing currently due to be submitted on January 5.

In light of the changes wrought by Order No. 2003-B, the Commission may wish to consider postponing the effective date of the CAISO and PTO compliance filings until after the Commission has reviewed and approved both (i) the January 5 compliance filing (which addresses compliance issues under Order No. 2003 and 2003-A), and (ii) the February 18 compliance filing (which will address compliance issues under Order No. 2003-B). This would have the benefit of ensuring that the new procedures and forms of agreement used for interconnections to the CAISO-controlled transmission grid are in full and complete compliance with the Commission's rulemaking orders, prior to implementation. It would eliminate the necessity of attempting to adjust, retroactively any interim arrangements between the

generators, the CAISO and the PTOs to accommodate whatever changes the Commission might order after having reviewed the compliance filings.

***Option 2: Set the Effective Date of the January 5 Compliance Filings Under Order Nos. 2003 and 2003-A to Follow After Commission Review and Approval of the January 5 Filings, and Allow for Further Adjustments Later, as Needed, to Achieve Compliance With Order No. 2003-B.***

If the Commission does not wish to wait until after reviewing the CAISO and PTO compliance filings under Order No. 2003-B before making the new interconnection arrangements effective for interconnections to the CAISO-controlled grid, then another alternative would be to make the January 5 filings effective after Commission review and approval, and then make other changes later, as needed, in order to achieve compliance with Order No. 2003-B. This would enable the Commission to ensure full compliance with Order Nos. 2003 and 2003-A upon implementation of the new arrangements, while preserving the Commission's ability to require subsequent changes under Order No. 2003-B.

***Option 3: Make the January 5 Compliance Filings Effective 60 Days After Filing.***

At a minimum, the undersigned parties respectfully request that the Commission not allow the January 5 compliance filings to take effect earlier than 60 days after the date of the filings, *i.e.*, no earlier than March 7, 2005. This would allow time for interested third parties (including the generators) to review the January 5 filings and file comments or protests, and also would give the Commission time to review the January 5 filings prior to their taking effect.

WHEREFORE, for the above-stated reasons, the CAISO and the PTOs respectfully request that the Commission issue an immediate ruling, prior to January 5, 2005, postponing the effective date of the undersigned parties' January 5 compliance filings.

Respectfully submitted on behalf of the  
California Independent System Operator  
Corporation and the PTOs,

By **/s/ Gene L. Waas**  
Gene L. Waas  
Regulatory Counsel  
California Independent System Operator Corporation

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Dated: December 30, 2004



# CALIFORNIA ISO

California Independent  
System Operator

December 30, 2004

Ms. Magalie Roman Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E., Room 1A  
Washington, D.C. 20426

Re: *California Independent System Operator Corporation,*  
Docket No. ER04-445-004

*Pacific Gas and Electric Company,*  
Docket No. ER04-443-003

*San Diego Gas and Electric Company,*  
Docket No. ER04-441-003

*Southern California Edison Company,*  
Docket No. ER04-435-005

Dear Ms. Salas:

Attached, for filing with the Commission, please find a Joint Motion of The California Independent System Operator Corporation and Participating Transmission Owners for Immediate Ruling Concerning Effective Date of Order No. 2003 Compliance Filings in the above referenced matter.

Should you have any questions or comments regarding this filing, please do not hesitate to call me at (916) 608-7049. Thank you for your assistance.

Regards,

**/s/ Gene L. Waas**

Gene L. Waas  
Regulatory Counsel  
California Independent System  
Operator Corporation  
151 Blue Ravine Rd.  
Folsom, California 95630

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each party designated on the official service lists compiled by the Secretary in the aforementioned dockets in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. 385.2010 (2003).

Dated at Folsom, California, on this 30<sup>th</sup> day of December 2004.

**/s/ Gene L. Waas**  
Gene L. Waas