

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

**California Independent System)
Operator Corporation) Docket No. ER10-____-000**

**JOINT PETITION FOR LIMITED WAIVER OF TARIFF PROVISIONS
AND REQUEST FOR SHORTENED COMMENT PERIOD AND EXPEDITED
COMMISSION ORDER**

The California Independent System Operator Corporation ("ISO") and the City of Riverside ("Riverside"), California, jointly request expedited consideration of a petition for limited tariff waiver to address an inadvertent data entry error that resulted in an erroneous wheeling access charge of approximately \$ 30 million to Riverside. Based on the actual data, the correct charge should be approximately \$ 30,000. Granting the wavier request would allow the ISO to correct the error to the extent possible while avoiding harm that would be caused in the absence of a tariff waiver.

As discussed in more detail below, the ISO and Riverside seek waiver of tariff provisions to exempt Riverside from the obligation to pay the erroneous amount, , which was issued on an ISO invoice published on June 24, 2010 and is due on July 1, 2010, and to exempt Riverside from the obligation to post Financial Security to secure this amount. The tariff waiver would also exempt the ISO from the obligation to pay Southern California Edison ("SCE") the erroneous amount and exempt SCE from repaying that amount plus interest on the next ISO invoice. Good cause exists to grant this waiver to avert the financial hardship to Riverside in its capacity as Scheduling Coordinator on behalf of the

City of Corona (“Corona”) ensuing from an unambiguous and inadvertent mechanical data error by Riverside that triggered the nearly \$30 million overcharge for Corona’s April 2010 monthly wheeling access charges.¹ Good cause for the waiver also exists as the waiver will relieve SCE, the sole participating transmission owner that would receive the wheeling access charge payment, from the obligation to repay the excess, plus interest, on the next ISO invoice.

Without a tariff waiver, Riverside would be obligated under the ISO tariff to remit payment to the ISO on July 1, 2010 for all amounts owed on the June 24, 2010 invoice, including the erroneous wheeling access charge. Through this waiver request, the ISO seeks to clarify it has the one-time authority to permit Riverside to limit its timely payment for wheeling costs to its correct total, approximately \$30,000. Riverside would be responsible for all other payments on the June 24, 2010 invoice. SCE will receive the wheeling access payments to which it is entitled in a timely manner and will have no obligation to refund any overpayment, or pay any interest on any overpayment. Because of the July 1, 2010 payment date, the ISO and Riverside respectfully request expedited consideration of their petition for waiver and a one day comment period, so that any comment would be due by June 30, 2010.

¹ Corona is also a Scheduling Coordinator. However, Corona has contracted with Riverside for Scheduling Coordinator services for the load at issue, and the ISO communicates directly with Riverside.

I. Background for Waiver

Riverside is the Scheduling Coordinator for Corona, a utility distribution company (“UDC”) and Non-Participating Transmission Owner (“Non-PTO”) located within the ISO Balancing Authority Area. Under the ISO tariff, Scheduling Coordinators who schedule load for a Non-PTO at any given point between the ISO Controlled Grid and the Non-PTO, and schedule in an amount exceeding the Non-PTO’s transmission contract limit, incur a Wheeling Access Charge.² The Wheeling Access Charge is remitted to the Participating Transmission Owner of the high-voltage transmission facilities at the point where the power exits the ISO Controlled Grid to serve Non-PTO UDC load, which in this case is SCE. The Scheduling Coordinator must submit or self-report information, including load data, regarding these scheduled transactions to the ISO. The ISO uses the self-reported information to calculate the applicable Wheeling Access Charges for each Non-PTO. The self-reported load data can be submitted daily or monthly. If submitted monthly, the load data must be provided to the ISO within five days after the end of each calendar month.

As Corona’s Scheduling Coordinator, Riverside submits Corona’s load data to the ISO on a monthly basis. To do this, Riverside downloads Corona’s UDC load data for the month from the ISO’s Operational Meter Analysis and Reporting (“OMAR”) system. OMAR data is expressed in KWh, while the billing

² Wheeling Access Charge rates are established for each Transmission Access Charge Area, and a rate exists for each Scheduling Point at which energy is wheeling out of the ISO Controlled Grid. If the load take-out point is located at a high voltage transmission facility, the wheeling transaction is billed at the High Voltage Wheeling Access Charge rate. If the Scheduling Point is located at a low voltage transmission facility, the wheeling transaction will be billed at the Low Voltage WAC rate in addition to the High Voltage Wheeling Access Charge rate (refer to ISO Tariff Section 26.1.4.1 & 26.1.4.2).

unit for the Wheeling Access Charge is MWh. Accordingly, Riverside, as well as other Scheduling Coordinators, must submit the load data to the ISO for purposes of calculating the Wheeling Access Charge in terms of MWh.

On May 3, 2010, Riverside submitted Corona's UDC load data for the month of April 2010. However, Riverside inadvertently failed to convert the data obtained from OMAR from KWh to MWh. This resulted in a 1000-fold error in the calculation of Corona's Wheeling Access Charge for April 2010. Rather than a charge for \$29,825.32, Corona was assigned a Wheeling Access Charge of \$29,825,320.37 or an overcharge of \$29,795,495.05.

The ISO alerted Riverside of the possible error on June 3, 2010. Although Riverside corrected the data on June 3, 2010, the ISO invoices and settlement statements for April 2010 were in production, and the ISO was not able to correct this error prior to the ISO publishing invoices at the tariff prescribed timeline of T+38 business days. Under the ISO's cash clearing cycle, payment for the Wheeling Access Charge for April 2010 pursuant to the T+38 business days settlement statement and invoice published on June 24, 2010 is due on July 1, 2010.³ The next opportunity to correct the error would be on the settlement statements and invoice published at T+76 business days.

II. The Relevant Provisions of the ISO Tariff Subject to This Request for Waiver

There are two areas of tariff provisions relevant to this petition for waiver. The first area dictates that a Scheduling Coordinator must pay all net debits contained in an invoice or settlement statement regardless of whether all or a

³ See, ISO Tariff Section 11.29.24.1.

portion of the debit rests on disputed settlement charges. These provisions implement the “pay and then dispute” structure of the ISO’s settlements and billing process. Section 11.29.8.7 requires each Scheduling Coordinator to pay any net debit shown in an invoice on the prescribed payment date, whether or not there is any dispute regarding the amount of the debit. Section 11.29.11 provides that each Scheduling Coordinator must remit to the ISO the amount shown in the invoice not later than 10:00 a.m. on the Payment Date, which in this case is July 1, 2010. The ISO and Riverside seek waiver of these tariff provisions insofar as they would require Riverside to pay a wheeling access charge one thousand times in excess of what the charge should have been but for the data error. The ISO also seeks waiver of these tariff provisions insofar as the ISO would be required to pay the erroneous amount to the SCE.

The second area relates to the obligation in ISO tariff section 12.1.2 of a market participant to post financial security to cover its estimated aggregate liability. The estimated aggregate liability is the sum of a market participant’s known and reasonably estimated potential liabilities for a specified period of time arising from ISO Tariff charges, including the Wheeling Access Charge. The ISO and Riverside seek waiver of this provision insofar as it would require Riverside to post additional financial security to cover the erroneous wheeling access charge.

III. Request for Waiver

The Commission has historically granted waiver requests where an emergency situation or an unintentional error was involved.⁴ The Commission has further noted that it has not limited waivers to such circumstances. It has also granted waivers when good cause for a waiver of limited scope exists, the resultant benefits to customers are evident, and there are no undesirable consequences.⁵

Good cause exists in this case for granting waiver of the requirement for Riverside, as the Scheduling Coordinator for Corona, to remit payment to the ISO for the erroneous Wheeling Access Charge. As explained, the ISO and Riverside have confirmed that the error was inadvertently caused by a mechanical data entry problem resulting from a failure to convert OMAR information from KWh to MWh. This mechanical error has led to the multiplication of Corona SC's Wheeling Access Charge obligation by 1000 from \$29,825 to \$29,825,320. The ISO and Riverside believe that a tariff waiver is necessary to avoid harm that would otherwise be caused. The requested waiver will not only permit Riverside, on behalf of Corona, to avoid the financial consequences of paying a sum far out of proportion to its typical obligations, but

⁴ *California Independent System Operator Corp.*, 118 FERC ¶ 61,226, at P 24 (2007), *citing ISO New England, Inc.*, 117 FERC ¶ 61,171, at P 21 (2006) (allowing a limited and temporary suspension of tariff provision to correct an error); *Great Lakes Gas Transmission Ltd. Partnership*, 102 FERC ¶ 61,331, at P 16 (2003) (granting emergency waiver involving force majeure event granted for good cause shown); and *TransColorado Gas Transmission Co.*, 102 FERC ¶ 61,330, at P 5 (2003) (granting waiver for good cause shown to address calculation in variance adjustment).

⁵ *California Independent System Operator Corp.*, 118 FERC ¶ 61,226, at P 24, *citing California Independent System Operator Corp.*, 109 FERC ¶ 61,153, at P 28 (2003).

also the ancillary financial impact of increased financial security requirements arising from an increase in Riverside's Estimated Aggregate Liability based on the erroneous data.⁶

The requested waivers are further supported by their limited scope as well as the fact that the resultant benefits to ratepayers are evident, and there are no undesirable consequences. As noted above, the only charge the ISO intends to modify relates directly to the erroneous Wheeling Access Charge. All other invoiced amounts, including that for the Grid Management Charge, which has also been overstated due to the inflated Wheeling Access Charge, will be left intact. All other necessary corrections will be made in accordance with the ISO tariff through revised settlement statements issued at T+76 business days, including refund to Riverside of any excess Grid Management Charge, plus interest. Accordingly, granting the requested waiver simply will place the affected parties—Riverside on behalf of Corona, on one hand, and SCE, on the other hand—in the position they would otherwise be in but for the data error to the greatest extent possible.

Moreover, granting the requested waiver will produce no undesirable consequences for, or be unduly discriminatory to, any market participant. No market participant will be harmed by relieving Riverside on behalf of Corona from the erroneous Wheeling Access Charge obligation. In fact, the opposite is true. By correcting the erroneous charge, SCE will avoid the harm that would

⁶ Riverside has initiated enhancements to its internal review procedures designed to avoid any recurrence of this type of data error. Similarly, the ISO is enhancing its monitoring capability to identify MWs (in addition to dollar amounts) that may be in excess of historical amounts on order to be able to identify any recurrence early enough to fix it prior to the publication of invoices.

otherwise be caused by the obligation to refund the over payment it would otherwise receive on July 1, 2010 on the T+ 76 business day invoice plus the obligation to pay interest on that amount. In addition, if Corona were unable to access sufficient cash or credit resources to pay the extraordinary overcharge, non-payment would trigger a temporary implementation of Default Loss allocation procedures, which would involve extensive effort on the part of the ISO and unnecessary complications for market participants.⁷ Finally, the ISO and Riverside have consulted with SCE and Corona, and SCE and Corona have authorized the ISO and Riverside to represent that they also support this petition for waiver.

IV. Request for Expedited Commission Order

Without the relief requested in this filing, both Riverside and Corona could be subject to significant financial obligations resulting from manifest and undisputed error. Further, SCE would be required to needlessly pay interest on the significant undisputed sum at the expense of its ratepayers. Absent the requested waiver, these undesirable outcomes will ensue upon the payment date of July 1, 2010 in accordance with the ISO Tariff timelines. Accordingly, the ISO and Riverside believe that, in the interest of regulatory certainty, it is appropriate to grant the relief requested herein on an expedited basis. The ISO and Riverside therefore respectfully request a Commission order on this waiver request by July 1, 2010. If the Commission considers it necessary to have a

⁷ The default loss allocation would be reversed on the next invoice (T+76) when the corrected data would be reflected. Although the default loss would be temporary, the loss would involve shorting net creditors and then repaying them plus interest. A tariff waiver would avoid this time and expense of the needless exchange of funds.

comment period, the ISO and Riverside request such a comment period be shortened to June 30, 2010 in order to facilitate a Commission order by July 1, 2010.

V. Service

The ISO has served copies of this filing upon the California Public Utilities Commission and all parties with effective Scheduling Coordinator Service Agreements under the ISO tariff. In addition, the ISO has posted this filing on its website.

VI. Correspondence

The ISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

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VII. Conclusion

For the reasons discussed above, the ISO and Riverside respectfully request that the Commission grant the tariff waiver requested herein by July 1, 2010.

Respectfully submitted,

//s// Sidney M. Davies

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