

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

California Independent System Operator
Corporation

Docket Nos. ER04-835-007
ER04-835-009

Pacific Gas and Electric Company

EL04-103-002
EL04-103-004
(consolidated)

INFORMATIONAL FILING

The California Independent System Operator Corporation respectfully submits this informational filing in response to the Commission's order on compliance filings,¹ dated September 16, 2011, and its notice of extension of time, dated November 9, 2011. On May 14, 2012, the ISO posted sufficient information for market participants to calculate the incremental-cost of local component of the minimum load compensation costs, as directed by the Compliance Order.

I. Background

These consolidated dockets concern Amendment No. 60 to the ISO tariff, which proposed an allocation methodology for must-offer minimum load compensation costs, and a complaint filed by Pacific Gas and Electric Company regarding the ISO's allocation of must-offer compensation costs. Amendment No. 60 allocated minimum load compensation costs according to the cause of the must-offer commitment: system, zonal, or local. The Commission accepted Amendment No. 60, subject to refund. Amendment No. 60 became effective on

¹ *Cal. Indep. Sys. Operator Corp.*, 136 FERC ¶ 61,198 (2011) ("Compliance Order").

October 1, 2004. In the same order, the Commission set for hearing Pacific Gas and Electric Company's complaint, with a refund effective date of July 17, 2004.²

In Opinion No. 492, issued in December 2006, the Commission approved the Amendment No. 60 methodology, with modifications, effective on the July 17, 2004, refund effective date.³ In addition to the July 17, 2004 effective date, the modifications included an exemption of wheel-through transactions from system must-offer charges, application of the Amendment No. 60 methodology to start-up costs and emissions costs, and a classification of must-offer waiver denials to reclassify the Miguel constraint as zonal, rather than local.⁴

There was one exception to the effective date in Opinion No. 492. Under the approved allocation methodology, the ISO allocates the must-offer costs for local needs according the "incremental-cost of local" methodology." That calculation involves the use of security constrained unit commitment procedures, which the ISO did not implement until October 1, 2004. Therefore, the Commission approved use of the incremental-cost-of-local methodology effective October 1, 2004.⁵

In its November 2007 order on rehearing, the Commission concluded that must-offer waiver denials to address the South-of-Lugo constraint should also be classified as zonal, rather than local.⁶ In addition, the Commission authorized

² *Id.*

³ *Cal. Indep. Sys. Operator Corp.*, 117 FERC ¶ 61, 348 (2006) ("Opinion No. 492"), *on reh'g* 121 FERC ¶ 61,193 (2007).

⁴ *Id.* PP 31, 90, 96.

⁵ *Id.* P 123.

⁶ *Cal. Indep. Sys. Operator Corp.*, 121 FERC ¶ 61,193 (2007).

the use of the ISO's "proxy" methodology to calculate the incremental-cost-of-local for the period in which the security constrained unit commitment procedures was unavailable, *i.e.* the time period from July 17, 2004 through September 30, 2004.⁷

The ISO has made two compliance filings, one after Opinion No. 492, in February 2007, and one after the rehearing order in December 2007. Southern California Edison protested the initial compliance filing. Opinion No 492 had directed the ISO to publish sufficient information on its website for scheduling coordinators to validate the incremental-cost-of-local component.⁸ In its February 2007 compliance filing, the ISO asserted that it had complied with this directive going back to July 17, 2004. Southern California Edison protested that the information provided by the ISO was insufficient. In the November 2007 compliance filing, the ISO indicated that it would work with SCE to address the concerns.

The Compliance Order accepted the ISO's compliance filings. It also directed the ISO to submit an informational filing within 30 days explaining how the ISO addressed Southern California Edison's concerns.⁹ On October 17, 2011, the ISO filed a motion for extension of time to submit its informational filing. By order dated November 9, 2011, FERC granted the ISO request to submit the informational filing by May 15, 2012.

⁷ *Id.* at P 82.

⁸ *Opinion No. 492* P 21.

⁹ *Compliance Order* P 21.

II. Informational Reports

On May 14, 2012, the ISO published three reports on its website.¹⁰ One report contains the total minimum load MWs of the must-offer capacity from July 17, 2004 through March 31, 2009. The second report contains the total minimum load costs from July 17, 2004 through March 31, 2009. The third report contains total start-up costs from July 17, 2004 through March 31, 2009. These reports provide sufficient information for market participants to calculate the incremental-cost of local component of the minimum load compensation costs.

Respectfully submitted,

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Dated: May 15, 2012

¹⁰ The reports are available at the following links: Total Minimum Load MWs of the must-offer capacity at: http://www.caiso.com/Documents/TotalMinimumLoadCostJuly17_04-Mar31_09.xls; Total Minimum Load Cost at: http://www.caiso.com/Documents/TotalMinimumLoadCostJuly17_04-Mar31_09.xls; and Total Start-Up Cost at: http://www.caiso.com/Documents/TotalStartUpCost-July17_2004-Mar31_2009.xls

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 15th day of May.

/s/ Anna Pascuzzo

Anna Pascuzzo