



March 21, 2002

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: San Diego Gas & Electric Company, Docket No. ER02-1180-000

Dear Ms. Salas:

Enclosed for filing in the above-captioned proceeding, please find an original electronic filing of the attached document entitled: "Motion to Intervene and Comments of the California Independent System Operator".

Respectfully submitted,

Jeanne M. Solé
Counsel for the California Independent
System Operator Corporation

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

**San Diego Gas & Electric Company) Docket No. ER02-1180-000
)**

**MOTION TO INTERVENE AND COMMENTS OF THE CALIFORNIA
INDEPENDENT SYSTEM OPERATOR**

Pursuant to Rule 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or "Commission"), 18 C.F.R. § 385.214, and the Commission's March 5, 2002, Notice of Filing, the California Independent System Operator Corporation ("ISO") hereby moves for intervention and provides comments in the above-captioned proceeding. In support thereof, the ISO states as follows:

I. COMMUNICATIONS

Please address communications concerning this filing to the following persons:

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II. BACKGROUND

On February 28, 2002, San Diego Gas & Electric Company ("SDG&E") tendered for filing its Service Agreements numbers 13 and 14 to its FERC Electric Tariff, First Revised Volume No. 6. Service Agreement No. 13 is an Expedited Interconnection Facilities Agreement dated February 1, 2002 between SDG&E and Baja California Power, Inc., under which SDG&E will construct, operate and maintain proposed interconnection facilities associated with generating plants located near Mexicali, Mexico which are expected to begin service on or about July 1, 2002 ("generating facilities"). Service Agreement No. 14 is an Interconnection Agreement between SDG&E and Baja California Power, Inc., dated February 1, 2002, which establishes interconnection and operating responsibilities and associated communication procedures between the parties with regard to the generating facilities. SDG&E requests an effective date of May 15, 2002, for both agreements.

On March 5, 2002, the Commission issued a Notice of Filing providing that protests, interventions and comments were to be filed by March 21, 2002.

III. BASIS FOR MOTION TO INTERVENE AND COMMENTS OF THE ISO

The ISO is a non-profit public benefit corporation organized under the laws of the State of California and responsible for the reliable operation of a grid comprising the transmission systems of Pacific Gas and Electric Company, Southern California Edison Company, SDG&E and the City of Vernon, California, as well as for the coordination of the competitive Ancillary Services and real-time Energy markets in California. In addition, the ISO is Control Area¹ operator for

the entire system within its electrical boundaries (defined by interchange metering with adjacent Control Areas such as Bonneville Power Administration, Sierra Pacific Power Company, Los Angeles Department of Water and Power, Arizona Public Service Company, and others).

The ISO has been in discussions with representatives of the generating facilities regarding two important issues. First, as explained above, the ISO acts as the Control Area operator for the SDG&E service area. To the extent generating facilities are interconnected to the SDG&E system, they could become part of the ISO Control Area. Since they are located in Mexicali, Mexico, should the generating facilities become part of the ISO Control Area, the ISO Control Area would be extended into Mexico.

Before the ISO can incorporate the generating facilities into its Control Area and provide transmission service through an extension of the ISO Control Area into Mexico, the ISO must assure itself that it will not, by virtue of extending its Control Area into Mexico, 1) violate any United States federal, state or local law, any Mexican law, any Western Systems Coordinating Council or North American Electric Reliability Council requirement, or the existing Interconnected Control Area Operating Agreement ("ICAOA") between the ISO and Comisión Federal de Electricidad ("CFE"); or 2) become subject to the jurisdiction of Mexico.

Moreover, according to representatives of the generating facilities, as to one plant in particular, it is desired that some units be in the CFE Control Area

¹ Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Definitions supplement, appendix A to the ISO Tariff.

and one unit be in the ISO Control Area. The facilities have been configured to allow for this arrangement, and may provide for a unit to be interchangeably, and at will, connected to either the ISO Control Area or the CFE Control Area (but not to both simultaneously). Before it can allow for and provide transmission service pursuant to such an arrangement, the ISO must ensure that there is clarity between the ISO and CFE as to which facilities are assigned to which Control Area, and how Control Area responsibilities will be coordinated. Moreover, it must be operationally feasible for each Control Area to effectively undertake its Control Area responsibilities.

While the ISO has made significant progress in addressing these issues, it has not finally concluded its review of issues that could arise from extending its Control Area into Mexico, or the assignment of different units within a plant to different Control Areas. The ISO will continue to work with representatives of the generating facilities and CFE representatives to address these issues and expects to file with the Commission a special version of a Participating Generator Agreement, and possibly an amendment to its ICAOA with CFE, addressing these issues, if they can be resolved.

Since the generating facilities could become part of the ISO Control Area as a result of their interconnection to the SDG&E system, and since this result raises legal and operational issues that must be resolved, the ISO has a significant interest in the outcome of this proceeding.

IV. CONCLUSION

For the foregoing reasons, the ISO respectfully requests that the Commission permit the ISO to intervene, and that it be accorded full party status

in this proceeding. In addition, the ISO notes that in order to incorporate the generating facilities into its Control Area and provide transmission service under this configuration, the ISO must conclude and be assured 1) that extension of the ISO Control Area into Mexico would not cause any violation of law on the part of the ISO, and would not subject the ISO to the jurisdiction of Mexico; and 2) that the arrangements can be accommodated within the current ICAOA between the ISO and CFE or a feasible modification of the ICAOA that can be made in a timely manner. Moreover, the ISO notes that in order to allow for, and provide transmission service in accordance with, an arrangement whereby some units at a plant will be in the CFE Control Area and one unit will be in the ISO Control Area, the ISO must be assured that there is clarity as to the respective responsibilities of each Control Area and that each Control Area can undertake its Control Area responsibilities effectively.

Respectfully submitted,

Jeanne M. Solé
California Independent System Operator
151 Blue Ravine Rd
Folsom, CA 95630

Counsel for the California Independent
System Operator Corporation

Date: March 21, 2002

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Folsom, CA, on this 21th day of March, 2002.

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