

# **Response to FERC Order on Rate Treatment for the Lake Elsinore Advanced Pumped Storage Project**

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## The CAISO must respond to the FERC's Nov. 17, 2006 order by May 1, 2007.

- **Appropriate rate treatment**
  - Talega-Escondido/Valley-Serano 500 kV Interconnect project
  - Lake Elsinore Advance Pump Storage (LEAPS)
- **Provide information**
  - use of the facility for meeting load and managing the grid
  - reduce congestion or enhance reliability
- **Hold a stakeholder process**
  - discuss issues and solutions
  - report the outcome

## **Positions provided in stakeholder comments.**

- **LEAPS costs should not be recovered in the TAC.**
- **LEAPS is not unique.**
- **The CAISO should not discriminate.**
- **The CAISO should not shift risk to ratepayers.**
- **The CAISO should competitively procure its resources.**

## **Key policy principles presented for Board approval and FERC filing May 1st.**

- **Market based cost recovery through merchant operation of LEAPS**
- **CAISO independence protected**
- **Discriminatory treatment for LEAPS is not appropriate**
- **Supported by existing market and operating processes**