

Attachment H – Remaining Issues

ISSUE #	ISSUE, INTERVENOR & CITE
47.	SP section 3 should provide 7 days notice of any variation in timing requirements. Southern Cities I at 17.
56.	Section 2.5.3.2 of the Tariff is subject to multiple interpretations and requires clarification. Comments, Protest and Renewed Request for Hearing of the Cities of Redding and Santa Clara, California, and the M-S-R Public Power Agency, Docket Nos. EC96-19-010, et al., filed December 4, 1997 (“Cities/M-S-R 12/4/97”) at 9-11.
80.	SBP 2.2.2 raises the issue of adjustments for Transmission Losses. As proposed, this protocol fails to include the appropriate treatment for losses under Existing Contracts. The ISO should recognize that certain SCs or MSSs have the right to absorb internal losses within their systems and should not be subject to being charged for losses twice. SMUD I at 23.
97.	ISO’s proposed changes to the Tariff regarding self provision of losses are unworkable and inconsistent with the agreement being reached with parties responsible for administering existing contracts and must be corrected. Comments of Southern California Edison Company to the California Independent System Operator Corporation’s Proposed Tariff Amendments and Motion for Waiver, Docket Nos. EC96-19-010 and ER96-1663-011, filed December 4, 1997 (“Edison”) at 9-10.
204.	Tariff Amendment No. 6: Once sufficient data is gathered, the ISO should include the Neutrality Adjustment in the form of a formula rate under the ISO Tariff. ECI II at 6.
208.	Amendment No. 6: FERC urged to establish cap on the Neutrality Adjustment that can be collected through SABP 3.1.1 and require ISO to file any proposal to collect in excess of limits. Southern Cities II at 5-7.
229.	Tariff Amendment No. 6: ISO has not adequately justified its proposed modification to the neutrality adjustment. Cities/M-S-R 4/9/98 at 8.
248.	Section 2.5.20.3 should be reinstated, once again giving the MSS the ability to “utilize a System Unit to participate in the procurement process of the ISO in relation to any Ancillary Service other than Regulation.” In addition, the proposed modification to the definition of MSS, striking the MSS’ express right to bid Ancillary Services into the PX and ISO Markets, should be rejected. SMUD is unaware of any FERC order requiring such a change or any technical reason for closing the already thin Ancillary Services Market to MSSs. SMUD II at 4-5. The purpose of Amendment No. 10 is to bolster the thin Ancillary Services market; the ISO should finish development of and implement the Metered Subsystem concept to enable utilities to bid ancillary services from System Units. Turlock Irrigation District’s July 30, 1998, comments, filed in Docket Nos. EC96-19-035, ER96-1663-036 (“TID 07/30”), at pages 2-3.
254.	Section 7.2.5.2.7 of the ISO Tariff seems to allow the ISO to curtail scheduled Generation and Demand of non-Participating TOs if Adjustment Bids do not alleviate congestion on the Inter-Zonal interface. SMUD II at 10.
266.	Tariff Amendment No. 6. The proposed Load Preference Rule may impose an unwanted financial obligation on suppliers because the supplier may have to produce or purchase additional energy at a loss. This proposal is problematic for owners of generators with a variable maximum output. Moreover, the proposal is discriminatory since it would not be applied to external suppliers selling into the ISO market. PX at 14-15.
267.	Tariff Amendment No. 7. The changes to the ISO Schedules and Bids Protocol and Scheduling Protocol that describe priorities for Reliability Must-Run Generation and Existing Contract rights are not acceptable. PX, as a Scheduling Coordinator, cannot supply the kind of information called for by the ISO’s stated curtailment procedures. This aspect of Amendment 7 needs to be revised. PX Protest filed 5/1/98 at 2-5.
275.	New section 7.4.2 of the tariff is unnecessary and improperly prohibits trades of losses among SCs. BPA I at 26-29.
296.	The PX and the ISO should be separate and their functions should be unbundled completely to ensure comparability. CCEM II at 19-27; Enron
304.	ISO Tariff §11.2.9 and Settlement and Billing Protocol §3.1.1 appear to provide the ISO virtually unlimited ability to impose additional charges styled as “Neutrality Adjustments.” Although the Southern Cities agree that the ISO should have some flexibility to address incidental revenue/payment imbalances, that flexibility should have reasonable limits. Significant cost items should be charged to the market participants that cause them to be incurred. There should be a cap on the Neutrality Adjustments that can be collected through SABP 3.1.1, and the ISO should file with the Commission any proposal to collect Neutrality Adjustments in excess of the established limits. Southern Cities
347.	With regard to Metered Subsystems, Existing Contracts, or non-converted transmission contracts, SP 4.2.1 (c) should recognize that losses may be absorbed internally in a scheduling party’s system. Metropolitan I, Appendix A at 8.
383.	In discussions with the IS[O] on October 13, 1998, regarding the sale of Ancillary Services by Turlock Irrigation District using a second Scheduling Coordinator (PG&E serves as Turlock’s Scheduling Coordinator for scheduling Turlock’s load and resources), Turlock was told that doing business through two Scheduling Coordinators entailed too much special handling and was not worth the return that would come from the additional Ancillary Services scheduled by Turlock (and other municipal systems using that approach). Since PG&E’s RPTO Agreement with the ISO does not currently permit PG&E to bid Ancillary Services on behalf of Turlock, Turlock is frozen out of the Ancillary Services market. See Turlock’s comments on Docket Nos. EC96-19-035, et al.

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403.	<p>There has been no meaningful ISO explanation of charges for Neutrality Adjustment or any justification for the dramatic trend of monthly increases – and no showing that charges track to any extent the factor of cost causation. Vernon ER98-3760 protest at 6</p> <p>Tariff Amendment No. 6: ISO should clarify that it will make available information on the amounts flowing through the Neutrality Adjustment and when it proposes to make such information available. Motion to Intervene and Protest of Electric Clearinghouse, Inc., Docket Nos. EC96-19-021 and ER96-1663-022, filed April 9, 1998 (“ECI II”) at 5.</p>
404.	<p>Section 2.2.3.1; 2.2.6.11, 2.2.4.7.1, and 2.2.5 - SC’s who have defaulted should provide service and continue to serve for 30 days after notice. PG&E proposes a new section 2.2.6.11 to provide that an SC will continue to schedule power for thirty days following notice to the ISO and the UDC that the will stop scheduling for an eligible customer. PG&E</p>
409.	<p>Section 2.3.1.1.4 - How does the ISO coordinate outages; 2.3.3.1 - When can the ISO rescind outage approval; 2.3.3.5 - See BPA issues 14, 15, 16 regarding outage coordination. PG&E 8/5 at 7.</p>
477.	<p>ISO Tariff §2.2.5: Unexplained changes proposed in the ISO’s June 1, 1998 Compliance Filing should be explained and justified. Comments of Southern Cities on the June 1, 1998 Compliance Filing, Dockets Nos. EC96-19-029 and ER96-1663-030, August 5, 1998, at page 9.</p>
482.	<p>ISO Tariff §6.1.2.2.3: Unexplained changes proposed in the ISO’s June 1, 1998 Compliance Filing should be explained and justified. Comments of Southern Cities on the June 1, 1998 Compliance Filing, Dockets Nos. EC96-19-029 and ER96-1663-030, August 5, 1998, at page 9.</p>
488.	<p>The ISO has impermissibly allowed transmission owners to retain control over access to portions of the grid notwithstanding that the purpose of the ISO is to assume operational control previously exercised by the transmission owners in order to prevent the transmission owners from exercising market power. Enron III Docket Nos. EC96-19-029, et al. at 17-19.</p>
489.	<p>The ISO may be improperly treating “conditional firm” contracts as firm, and thereby harming new transmission users as well as providing unfair benefits to the incumbent utilities. Enron II at 16-17.</p>
497.	<p>Inter-scheduling coordinator trades for ancillary services are unnecessarily restricted. Enron - New issue.</p>
530.	<p>The changes to Section 2.5.22.8 of the ISO Tariff give the ISO excessive authority in managing Intra-Zonal Congestion by extending its control over the dispatch of Non-Participating Generators who have not agreed” to be bound by the terms of the ISO Tariff or the Participating Generator Agreement. Metropolitan’s filing in ER98-3760-000, at 13-14, filed August 17, 1998. (“Metropolitan’s 8/17 Comments”).</p>
535.	<p>At page 61,478 of the October 30 Order, the Commission required the ISO to file specific practices and procedures, including a description of cost calculation and recovery, that the ISO will use to resolve Intra-Zonal Congestion. The ISO failed to make any change in the Compliance Tariff in response to the Commission’s Order that “direct[s] the ISO to modify its Tariff to incorporate these changes.” Cities/M-S-R 8/5/98 at 4-5.</p> <p>Intra-Zonal Congestion Management procedures and protocols remain incomplete, unspecified or not filed. Any Operating Procedures currently in use by the ISO affecting rates and charges incurred by Market Participants must be filed with the Commission. Comments of Metropolitan to the Compliance Filing Docket Nos. EC96-19-029, et al., at 8-10, filed August 5, 1998 (“Metropolitan’s 8/5 Comments”).</p> <p>EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, pp. 5-6, filed 08/05/1998.</p> <p>Intra-zonal congestion management must be fully explained, as required in the Commission’s orders. EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, pp. 5-6, filed 08/05/1998.</p>
544.	<p>In response to concerns over the requirement to maintain Operating Reserves equal to the total amount of Interruptible Imports scheduled by a Scheduling Coordinator, the Commission, at page 61,510 of the October 30 Order, required the ISO to add language to the ISO Tariff and make conforming changes to provide that only those Scheduling Coordinators that are importing Interruptible Energy will be charged for the Ancillary Services associated with that Interruptible Energy. The Compliance Filing is silent on this matter and the Compliance Matrix does not reflect this issue. Cities/M-S-R 8/5/98 at 12.</p>

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603.	<p>Section 23.4 would "temporarily" amend Section 6.1.1 of the Schedules and Bids Protocol, which addresses the generation section of Supplemental Energy Bid data, by treating a physical scheduling plant as a single generating unit. This artificial distinction should be rejected. The ISO distinguishes a "physical scheduling plant" from a generation plant by defining a physical scheduling plant as one where all units are tied to one ISO-approved meter. However, on a reliability basis, there should be no distinction between the two categories of plants. Such meters are costly and are unnecessary for the reliable and economic operation of a generation plant. Market participants should be permitted to economically dispatch the units of a plant. ECI compliance filing protest at 16-17.</p>
656.	<p>The ISO priority for Reliability Must-Run Generation is improper as it violates the Commission October 30 Order (upholding Existing Contracts), the March 27 Order (rejecting Amendment No. 3), Order No. 888, and the CPUC Policy Decision. It is anticompetitive and inconsistent with the problem alleged by the ISO as justification. The priority extends to all hours, not just hours the RMR unit will be called on under contract. Metropolitan's Rehearing Docket Nos. EC96-19-023, et al., at 6-19, filed June 29, 1998. ("Metropolitan Amendment No. 7 Rehearing Request").</p> <p>ISO Tariff Provisions Under Amendment 7 May Fail To Address Relative Priorities Under Existing Contracts. EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 40 filed 08/05/1998.</p> <p>Tariff Amendment No. 7: Amendment 7 should not be permitted to give reliability must run generation a transmission priority inconsistent with existing contracts or economic dispatch. Docket Nos. EC96-19-023, Protest of DWR to Amendment 7, p. 2 filed May 1, 1998; EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, p. 40 filed 08/05/1998.</p> <p>Curtailment priority for reliability Must-Run Generation should not override Existing Contracts. Turlock 5/1/98 Comments in Docket Nos. EC96-19-023 and ER96-1663-024 at 3-6; Turlock sought reh'g or clarification on 6/29 in Docket Nos. EC96-19-030 and ER96-1663-031.</p> <p>The Commission erred in accepting Part A of Amendment No. 7 to the ISO Tariff related to the priority of RMR generation. Request for Rehearing of M-S-R and Santa Clara and Redding, Docket Nos. EC96-19-023, et al., at 7-20, filed June 29, 1998 ("Cities/M-S-R Rehearing 6/29/98").</p>
658.	<p>Terms External Export, Inter-Scheduling Coordinator (SC) Trade Export, External Import and Inter-Scheduling Coordinator Trade Import must be defined and used consistently in SP 7.2.3 and SBP 4.6. Metropolitan Amendment No. 7 Rehearing Request at 21.</p>