

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

California Independent System Operator Corporation)	Docket No. EL08-____-000
)	
In Re Transmission Control Agreement)	
)	

**COMPLAINT OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO MODIFY THE TRANSMISSION CONTROL AGREEMENT
TO INCLUDE STARTRANS IO, L.L.C.'S MEAD TRANSMISSION INTERESTS**

Pursuant to Sections 206, 306, and 309 of the Federal Power Act ("FPA"), 16 U.S.C. §§ 824e, 825e, and 825h, and Section 206 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or "Commission"), 18 C.F.R. § 385.206 (2007), the California Independent System Operator Corporation ("CAISO")¹ hereby submits this complaint to modify the Transmission Control Agreement ("TCA"), under which the CAISO assumes Operational Control of the transmission facilities that constitute the ISO Controlled Grid, because the TCA would be unjust and unreasonable and unduly discriminatory if Startrans IO, L.L.C. ("Startrans IO") is precluded from becoming a party to the TCA and a Participating Transmission Owner ("Participating TO") for the transmission rights that it proposes to acquire from the City of Vernon ("Vernon") that are currently under the CAISO's Operational Control. The CAISO also requests any waiver that might be necessary of the provisions of ISO Tariff

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix D to the TCA.

Section 4.3.1.1 and Appendix F, Schedule 3, Section 8.1 to the extent they might otherwise limit the ability of Startrans IO to become a Participating TO on the effective date requested pursuant to this complaint.²

As described below, on January 4, 2008, Startrans IO filed an application with the Commission in *Startrans IO, L.L.C.*, Docket No. EC08-33, to acquire Vernon's transmission interests in the Mead-Adelanto Project and the Mead-Phoenix Project (collectively, the "Mead Transmission Interests") ("the Transaction"). In an order issued March 31, 2008, the Commission authorized the Transaction and directed Startrans IO to notify the Commission within 10 days of the date that the Transaction closes.³ Also, on January 4, 2008, Startrans IO filed for Commission acceptance a proposed TRR and TO Tariff in Docket No. ER08-413. On March 31, 2008, the Commission issued an order in which it accepted Startrans IO's TO Tariff, with a nominal suspension, to be effective March 31, 2008, as requested, subject to refund and hearing and settlement judge procedures, including hearing and settlement judge procedures regarding Startrans IO's proposed TRR, and conditionally approved certain of Startrans IO's requests for rate incentives.⁴ The Mead Transmission Interests are currently subject to the CAISO's Operational Control and will remain so after the

² The CAISO seeks to modify the TCA pursuant to the filing of a complaint because doing so is consistent with direction provided by the Commission in a previous proceeding initiated by the CAISO to modify the TCA. See *California Independent System Operator Corporation*, 109 FERC ¶ 61,153, at P 34 (2004).

³ *Startrans IO, L.L.C.*, 122 FERC ¶ 61,307, at Ordering Paragraphs (A) and (H) (2008). The Commission also directed Startrans IO to make any appropriate filing under Section 205 of the FPA, as necessary, to implement the Transaction. *Id.* at Ordering Paragraph (F).

⁴ *Startrans IO, L.L.C.*, 122 FERC ¶ 61,306 (2008).

Transaction closes. The changes to the TCA proposed herein are limited to those necessary to implement the Transaction. The CAISO requests that the Commission allow these changes to the TCA to become effective on April 14, 2008 or any earlier date on which the CAISO is able to implement revisions to its Master File and other systems to accommodate the closing of the Transaction. This effective date is necessary to ensure that the subject transmission interests seamlessly remain under the CAISO's Operational Control. The CAISO also respectfully requests expedited treatment of this filing as it is imperative that the Commission reach a determination regarding these matters that makes Startrans IO's status as a Participating TO effective simultaneously with the closing of the Transaction.

By this complaint, the CAISO seeks to make the following changes to the TCA, which are included in Attachment A to the present filing:

- Changes to the CAISO's TCA signature page to reflect the CAISO's agreement to the TCA changes contained in Attachment A to the present filing.⁵
- A new TCA signature page executed by Startrans IO.
- A new TCA Appendix A (Startrans IO) to reflect Startrans IO's transmission rights and interests that it is acquiring from Vernon.

⁵ As explained below, due to the timing of the Transaction, the CAISO has felt compelled to make this filing in advance of the conclusion of negotiations with the Participating TOs and their ability to execute revised signature pages to the extent they may agree with the TCA amendments proposed in this filing. Consequently, the CAISO has not included revised signature pages for the Participating TOs with this filing.

- An amended TCA Appendix A (Vernon) to reflect the deletion of Vernon's transmission rights and interests to be transferred to Startrans IO.
- A new page for inclusion in TCA Appendix F to provide Startrans IO's contact information.
- The addition of new TCA Section 4.4.5 to specify limitations on the ability of Startrans IO to convert the subject transmission rights to merchant operation not subject to Commission jurisdiction.

In addition, Attachment A to the present filing contains a revised Table of Contents to reflect the changes described above.

Before the CAISO filed this complaint, the CAISO, the current Participating TOs, and Startrans IO engaged in discussions over a one-month period regarding these modifications. Unfortunately, the parties were not able to resolve all of their issues prior to the need to bring this matter before the Commission. Because the CAISO has been advised that the purchase and sale agreement between Vernon and Startrans IO's affiliate specifies a closing date as early as March 31, 2008, and because Startrans IO already has filed with the Commission its applications for approval of the Transaction (in Docket No. EC08-33) and acceptance of Startrans IO's TO Tariff and TRR (in Docket No. ER08-413), and the Commission has accepted these Startrans IO applications as described above, the CAISO has submitted this complaint. To confirm that the CAISO and Startrans IO are in agreement with the amendments proposed herein, the CAISO and Startrans IO have executed the amended TCA. However, given the short

time available and the lack of complete agreement by the Participating TOs regarding the resolution of the issues they have raised regarding this matter, the CAISO has not attempted to obtain the signatures of other parties to the TCA to include with this filing. The CAISO will rely on those parties to express their views in any comments they may file in response to this complaint.

As discussed below, the TCA expressly provides that it may be modified by order of the Commission. The CAISO files this pleading as a complaint concerning the current terms and conditions of the TCA because the failure to include Startrans IO as a Participating TO with regard to the transmission rights that Startrans IO is acquiring from Vernon would be unjust, unreasonable, and unduly discriminatory.

I. COMMUNICATIONS

Communications regarding this matter should be addressed to the following persons, who should also be designated for service on the Commission's official service list:

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II. BACKGROUND

A. The TCA

The TCA is the agreement among the CAISO and Participating TOs that establishes the terms and conditions under which Transmission Owners place certain transmission facilities and Entitlements under the CAISO's Operational Control, thereby becoming Participating TOs. The TCA describes how the CAISO and each Participating TO will discharge its respective duties and responsibilities with respect to the operation of those facilities and Entitlements. The initial TCA was filed as part of the comprehensive "Phase II" filings submitted by the trustee on behalf of the CAISO on March 31, 1997. Refinements to the TCA were made as a result of an ongoing stakeholder process, and a revised TCA was submitted on August 15, 1997, in compliance with the Commission's order in *Pacific Gas and Electric Company, et al.*, 80 FERC ¶ 61,128 (1997). In its order dated October 30, 1997, the Commission granted interim and conditional authorization to the CAISO to commence operations and required certain modifications to the TCA. *Pacific Gas and Electric Company, et al.*, 81 FERC ¶ 61,122. The CAISO filed the revised TCA on February 20, 1998. By order dated March 30, 1998, *California Independent System Operator Corporation*, 82 FERC ¶ 61,325, the Commission conditionally accepted the TCA for filing to become effective on the ISO Operations Date and

required further modifications to be made in a compliance filing within 60 days of the ISO Operations Date.⁶

Additional amendments to the TCA have been made to add new Participating TOs and for other purposes. The most recent amendments were filed with the Commission in Docket No. ER06-1360 and accepted by the Commission in *California Independent System Operator Corporation*, 117 FERC ¶ 61,029, *order on clarification*, 117 FERC ¶ 61,181 (2006), *order accepting compliance filing*, Letter Order (Apr. 9, 2007).

B. Startrans IO's Acquisition of Vernon Transmission Rights

Startrans IO is a recently formed transmission-only company that will acquire certain transmission interests from Vernon upon consummation of the Transaction approved by the Commission in Docket No. EC08-33.⁷ These transmission interests consist of Vernon's rights, title and interests in the Mead Transmission Interests. The Mead Transmission Interests are currently owned by Vernon and subject to the CAISO's Operational Control, and are listed in proposed new TCA Appendix A for Startrans IO set forth in Attachment A hereto.⁸

⁶ *California Independent System Operator Corporation*, 82 FERC at 62,276-79. The CAISO submitted the required compliance filing on June 1, 1998.

⁷ See *Startrans IO, L.L.C.*, 122 FERC ¶ 61,307, at Ordering Paragraphs (A) and (H) (2008).

⁸ The CAISO anticipates making an informational filing to revise its transmission Access Charge rates to account for the addition of Startrans IO as a Participating TO pursuant to the Commission's acceptance of Startrans IO's filing in Docket No. ER08-413 and upon Commission acceptance of the TCA amendments submitted with this complaint.

Startrans IO intends that these transmission interests remain subject to the CAISO's Operational Control after the Transaction closes. Under the procedure outlined in Section 4.3 of the ISO Tariff, Startrans IO filed with the CAISO a notice of intent on December 31, 2007, and filed a subsequent application that proposed maintaining the CAISO's Operational Control over the Mead Transmission Interests, in order to state Startrans IO's intent to become a Participating TO upon the closing of the Transaction on or after March 10, 2008. The application was posted on the CAISO's website for Market Participant review, and comments were received from Southern California Edison Company ("SCE"). In addition, the CAISO received comments from other Participating TOs regarding the TCA amendments proposed in this filing, including comments similar to those submitted to the Commission in the proceedings on Startrans IO's other filings in Docket Nos. ER08-413 and EC08-33. The CAISO has discussed these comments with the Participating TOs and Startrans IO in the course of the discussions of the TCA amendments proposed in this filing, and in the course of the approval by the ISO Governing Board of the CAISO's acceptance of Startrans IO's application for status as a Participating TO.

On March 26, 2008, the ISO Governing Board unanimously approved Startrans IO's application to join the CAISO and authorized CAISO Management to implement the addition of Startrans IO as a Participating TO, subject to three conditions. These conditions are that (1) Startrans IO execute the TCA, (2) the Commission accept a TO Tariff and TRR for Startrans IO, and (3) Vernon make a filing of a revised TRR with the Commission removing the Mead Transmission

Interests from its TRR. With regard to the first condition, the executed TCA signature page of Startrans IO is included in Attachment A hereto. With regard to the second condition, the Commission has accepted the Startrans IO TO Tariff and TRR in Docket No. ER08-413 effective as of March 31, 2008, subject to refund and hearing and settlement judge procedures.⁹ As for the third condition, on March 26, 2008, Vernon submitted a filing in Docket No. EC08-33 explaining that it will file a revised TRR with the Commission no later than one business day following the closing of the Transaction.

C. Issues Raised Regarding Startrans IO Becoming a Participating TO

The CAISO, current Participating TOs, and Startrans IO have engaged in discussions concerning the acquisition by Startrans IO of Vernon's Mead Transmission Interests and the transfer of Operational Control of those Mead Transmission Interests by Startrans IO to the CAISO upon their acquisition. During the course of these discussions, some of the Participating TOs have informed the CAISO that they have various concerns with the proposed TCA amendments and other issues associated with the Transaction and Startrans IO becoming a Participating TO. The CAISO submits that these issues and concerns can be addressed as described below.

1. Potential Effect of the Transaction on the Past Over-Recovery of Vernon's TRR

The primary concern of the Participating TOs, and of the CAISO, regarding the proposed transfer by Vernon of the Mead Transmission Interests to

⁹ See *Startrans IO, L.L.C.*, 122 FERC ¶ 61,306 (2008).

Startrans IO has been Vernon's liability to other Participating TOs resulting from Vernon's over-recovery of its TRR since 2001, and whether the transfer to Startrans IO would impede future efforts to collect from Vernon. The CAISO estimates this liability, which is the subject of continuing litigation, amounts to \$12 million before interest.¹⁰ To address this concern, Startrans IO has agreed to assume any liability that Vernon may have, which Startrans IO will then recover from Vernon. The agreement, which was revised in response to comments by the Participating TOs, was recently executed by the CAISO, Startrans IO, and Vernon. The CAISO considers this agreement to resolve the CAISO's concerns as they relate to Vernon's transfer of the Mead Transmission Interests to Startrans IO and is optimistic that it will resolve the concerns of the Participating TOs regarding this matter. Consequently, the CAISO does not consider this an issue that should delay the Commission's acceptance of the TCA amendments submitted with this filing to add Startrans IO as a new Participating TO.

2. No Recovery by Startrans IO of Any Liability Assumed for Vernon's TRR Over-Recovery

Related to the foregoing, certain of the Participating TOs also asked Startrans IO for assurance that, in the event it is unable to recover the assumed liability from Vernon, it will not attempt to recoup the otherwise stranded cost through its own TRR. While the CAISO would not expect that the Commission would permit Startrans IO to recover the same amounts that the Commission has

¹⁰ A description of this continuing litigation is provided in the Motion of the California Independent System Operator Corporation for Order on Remand Authorizing Adjustment of Rates and Refunds and Confirming Authority to Recover Amounts Refunded, Docket Nos. EL00-105-000 and ER00-2019-000 (Nov. 13, 2007).

ruled Vernon could not recover, on March 14, 2008, Startrans IO submitted a filing in the proceeding on its TO Tariff and TRR (Docket No. ER08-413) committing not to seek recovery of these amounts in its TRR. The CAISO is optimistic that this filing by Startrans IO will resolve the concerns of the Participating TOs regarding this matter. If this does not satisfy them, the CAISO considers the proper forum for the Participating TOs to address their concerns is in a future rate case, and not in the proceeding on this filing of proposed amendments to the TCA.

3. Reduction in Vernon's TRR for the Transaction

Certain of the Participating TOs, and the CAISO, want to ensure that Vernon reduces its TRR to reflect the transfer of the Mead Transmission Interests so that there will not be double recovery of the TRR by both Startrans IO and Vernon. As noted in Section II.B above, the CAISO has made it a condition of its acceptance of Startrans IO's Participating TO application that Vernon make a filing of a revised TRR with the Commission removing the Mead Transmission Interests from its TRR. As also noted above, on March 26, 2008, Vernon submitted a filing in Docket No. EC08-33 explaining that it will file a revised TRR with the Commission no later than one business day following the Transaction's close. The CAISO considers this commitment by Vernon – and the resulting opportunity for Participating TOs and other entities to raise concerns with Vernon's revised TRR in that docket – to be sufficient to permit the submittal of this filing seeking acceptance of the TCA amendments to make Startrans IO a Participating TO with respect to the Mead Transmission Interests. However, the

CAISO proposes that the Commission condition its acceptance of these TCA amendments on Vernon's filing of its revised TRR. The CAISO is optimistic that Vernon's commitment and this proposed condition on the Commission's acceptance of this filing will be sufficient to resolve the concerns of the Participating TOs regarding this matter.

4. Protection Against Transfer of the Mead Transmission Interests by Startrans IO to Merchant Operation as Non-Commission Jurisdictional Interests

Participating TOs raised a concern in discussions of the proposed TCA amendments regarding the need for protection against the possibility that Startrans IO might recover all or a portion of its TRR for the Mead Transmission Interests through the CAISO's transmission Access Charges and then subsequently transfer or withdraw these interests from the CAISO's Operational Control to a non-Commission jurisdictional entity that might recover additional revenues inconsistent with the Commission's ratemaking principles. This same concern was raised in connection with the prior TCA amendments to add Trans Bay Cable, L.L.C. ("Trans Bay Cable") as a New Participating TO, and a new Section 4.4.4 was added to the TCA at that time to resolve this concern with respect to Trans Bay Cable. In the discussions regarding the addition of Startrans IO as a New Participating TO, the Participating TOs and Startrans IO indicated that they could agree to a provision regarding Startrans IO similar to Section 4.4.4 regarding Trans Bay Cable. The CAISO has included such a provision as proposed new Section 4.4.5 set forth in Attachment A hereto. With

this proposed TCA amendment, the CAISO understands that this concern has been resolved.

5. Potential ISO Tariff Constraints on the Effective Date of the Addition of Startrans IO as a New Participating TO

SCE raised two issues in its comments on the Participating TO application of Startrans IO regarding provisions of the ISO Tariff that might constrain the ability of the CAISO to implement Startrans IO as a New Participating TO as of an effective date in the near future.

a. Minimum Time for Processing a Participating TO Application

First, SCE pointed out that Section 4.3.1.1 of the ISO Tariff states with regard to a Participating TO application: “Applicable agreements will be negotiated and filed with the Federal Energy Regulatory Commission as soon as possible for the New Participating TO, such that the Agreements can be effective the following July 1 or January 1.” SCE asserted that this provision precludes Startrans IO from becoming a Participating TO prior to January 1, 2009.

The CAISO considers a delay in the effectiveness of Startrans IO’s status as a Participating TO of this length to be unreasonable in these circumstances. The reference in Section 4.3.1.1 to the effective dates of July 1 and January 1 is intended primarily to serve the convenience of the CAISO so as to permit the CAISO to integrate changes to its transmission Access Charge rates on a limited basis and to provide the applicant some certainty with respect to the outcome of the negotiations. However, over the course of its operations the CAISO has become accustomed to implementing Commission-ordered revisions to TRRs

and the associated revisions to its transmission Access Charges to become effective on dates other than July 1 and January 1.¹¹ Consequently, the CAISO is willing to forego its usual preference for implementation of transmission Access Charge revisions for New Participating TOs on July 1 or January 1 in the case of Startrans IO pursuant to the request of Startrans IO. SCE also asserted that an earlier effective date does not permit adequate time for review of an application and appropriate regulatory action. However, in this particular case an earlier effective date should be permitted in order to address the exigencies of Startrans IO's Transaction and the status of the Mead Transmission Interests as an existing part of the ISO Controlled Grid. Moreover, the other element of the requirement in Section 4.3.1.1 is that the CAISO negotiate and file TCA amendments "as soon as possible." The CAISO is effectively adhering to that portion of the provision in this case.

Given the implication of SCE's comment that the provisions of Section 4.3.1.1 could arguably be read to prevent the CAISO from making the TCA amendments and the associated Startrans IO TRR effective prior to January 1, 2009, and as a precaution to ensure that it has all necessary authorizations from the Commission, the CAISO hereby requests any waiver determined to be necessary by the Commission of the provisions of Section 4.3.1.1 – and the related provisions of ISO Tariff Appendix F, Schedule 3, Section 8.1 – in order to implement the effective date of these TCA amendments ordered by the

¹¹ See, e.g., *California Independent System Operator Corporation*, 109 FERC ¶ 61,153, at Ordering Paragraph (B) (2004) (accepting revisions to TCA effective November 1, 2004 as proposed by the CAISO).

Commission. The granting of any necessary waiver by the Commission in conjunction with its order establishing the effective date of these TCA amendments should resolve the concerns expressed by SCE.

b. Allocation of Startrans IO's TRR to the CAISO's Transmission Access Charges

SCE's second comment concerning potential constraints imposed by the ISO Tariff on the implementation of Startrans IO's TRR was that the ISO Tariff does not include clear provisions regarding the treatment of the TRR of a Non-Load-Serving Participating TO that is turning over to the CAISO's Operational Control only existing transmission rights and facilities. While the Mead Transmission Interests have been incorporated in the TRR of Vernon and thus have been treated as part of the CAISO's East Central TAC Area for many years, the ISO Tariff does not clearly indicate the TAC Area to which they should be assigned once they are transferred to Startrans IO. This would not matter if Startrans IO were turning over to the CAISO Operational Control of New High Voltage Facilities, because ISO Tariff Appendix F, Schedule 3, Section 1.1(d) specifies that New High Voltage Facility additions will be immediately included in the "Grid-wide" component of the CAISO's High Voltage Access Charge ("HVAC"). However, for Existing High Voltage Facilities (into which category the Mead Transmission Interests fall), the TRR for such facilities is subject to the transition from a TAC Area-specific HVAC to the CAISO "Grid-wide" HVAC. As this transition has not yet been completed, there is a portion of the TRR for the Mead Transmission Interests that must continue to be allocated to the TAC Area-specific HVAC under the current terms of the ISO Tariff. However, as a Non-

Load-Serving Participating TO operating outside the ISO Control Area, Startrans IO has no affiliation with any particular TAC Area.

To address this concern, the CAISO proposes to utilize the provisions of ISO Tariff Appendix F, Schedule 3, Section 3.7. Section 3.7 provides that if “an entity outside the State of California should apply to become a Participating TO, the ISO Governing Board will review the reasonableness of integrating the entity into one of the existing TAC Areas. If the entity cannot be integrated without the potential for significant cost shifts, the ISO Governing Board may establish a separate TAC Area.” Regarding the latter sentence of Section 3.7, given the historic allocation of the TRR for the Mead Transmission Interests to the East Central TAC Area, there will essentially be no cost shift if that TRR continues to be allocated to the East Central TAC Area once the Mead Transmission Interests are transferred from Vernon to Startrans IO. This fact, in conjunction with the relatively short period of time remaining for the transition and the relatively small amount of the TRR for the Mead Transmission Interests in relation to the aggregate amount of the TRR for the East Central TAC Area, makes such an allocation the simplest and most reasonable approach to resolving this issue. Therefore, pursuant to Section 3.7, the CAISO intends to seek approval of the ISO Governing Board to allocate the TRR for the Mead Transmission Interests to the East Central TAC Area at the earliest opportunity.

6. Incorrect Section References in Startrans IO’s TO Tariff

In its comments on the Participating TO application of Startrans IO, SCE also noted that the TO Tariff filed by Startrans IO contains two incorrect

references to sections of the ISO Tariff. The CAISO does not consider this to constitute an issue for this proceeding. The CAISO proposes that the Commission direct Startrans IO to make the corrections identified by SCE in the proceeding on Startrans IO's TO Tariff in Docket No. ER08-413. Startrans IO has committed to do so.

7. Ability to Deliver Power over the Mead Transmission Interests to the CAISO Control Area

In the discussions regarding the TCA amendments, and in the Commission proceedings in Docket Nos. EC08-33 and ER08-413, certain Participating TOs raised concerns regarding the ability of power to reach the ISO Control Area from the Mead Transmission Interests if a specific transmission service contract between Vernon and the Los Angeles Department of Water and Power ("LADWP") were to terminate. In response to these concerns, the CAISO has undertaken an analysis of the CAISO's systems and the rights under the CAISO's Operational Control. The CAISO has determined that once the CAISO has implemented its Market Redesign and Technology Upgrade ("MRTU") and the associated full network modeling, the CAISO's scheduling systems will provide the ability for scheduling over the Mead Transmission Interests directly to the CAISO Control Area even if the Vernon-LADWP contract were to terminate. The point-to-point capability of the full network modeling will enable use of the bidirectional nature of the Mead Transmission Interests by making a direct interconnection available even in the absence of the Vernon-LADWP contract rights. The CAISO is optimistic that this determination will resolve the concerns of the Participating TOs regarding this matter.

8. Issues Regarding Startrans IO's TRR

Certain of the Participating TOs have also raised various issues and concerns regarding the TRR filed by Startrans IO in Commission Docket No. ER08-413. The CAISO considers these issues and concerns properly addressed by the Commission in that proceeding and does not consider them appropriate for consideration in conjunction with these TCA amendments to add Startrans IO as a New Participating TO. These TCA amendments are necessary to implement the Commission's determination of the appropriate TRR for Startrans IO in Docket No. ER08-413. Consequently, the Commission should accept these TCA amendments but the TRR issues should only be considered in that proceeding and not in the proceeding on this filing.

Because the parties to the TCA and Startrans IO were not able to resolve all of their issues prior to the need to bring this matter before the Commission, as discussed in the introduction to this complaint above, the CAISO has brought this complaint so that it can assume Operational Control of the Mead Transmission Interests in conjunction with the closing of the Transaction. Absent Commission approval of an effective date for these TCA amendments simultaneous with the effective date of the closing of the Transaction, the CAISO's Market Participants may not have continuous access to this transmission capacity, and there would be no basis for determining to what entity to distribute any revenue that may accrue pending the effective date of Commission action.

III. COMPLAINT

A. Overview of the Basis for this Complaint

The FPA and the Commission's Rules provide that any person may seek redress regarding any contract affecting the rates and charges of a public utility. The CAISO is submitting this complaint because the TCA would be unjust, unreasonable, and unduly discriminatory unless it were modified to include Startrans IO as a Participating TO with regard to the Mead Transmission Interests. Therefore, the CAISO requests that Commission issue an order permitting the TCA to be thus modified.

As discussed in Section II.C of this filing, the CAISO submits that the issues and concerns raised by the Participating TOs regarding this matter can be addressed and resolved through other means. Consequently, the CAISO submits that there should be no reasonable objection to the TCA amendments proposed in this filing and that it would be unjust and unreasonable and unduly discriminatory not to permit Startrans IO to become a party to the TCA and a Participating TO as of the date requested herein.

B. Authority of the Commission to Authorize the TCA Amendment and to Take Action Regarding the Terms and Conditions of the TCA Pursuant to the CAISO's Complaint

1. The TCA Expressly Provides for Amendment by Commission Order

The CAISO's filing this complaint is consistent with the express terms of Section 26.11 of the TCA. Section 26.11 states, in relevant part, that the TCA may be modified "by mutual agreement of the Parties, subject to approval by the FERC," or "*upon issuance of an order by FERC.*" TCA, §§ 26.11(1), -(3)

(emphasis added). As the CAISO felt compelled to submit this filing before all issues and concerns could be resolved with the Participating TOs, the amendment to the TCA with regard to Startrans IO and Vernon cannot be made by mutual agreement of all of the parties to the TCA. Therefore, consistent with the provision of the TCA that expressly permits modification by order of the Commission, the CAISO respectfully requests that the Commission issue an order modifying the TCA as described in this filing. These modifications to the TCA are necessary in order to permit Startrans IO to acquire the subject transmission rights from Vernon and turn them over to the CAISO's Operational Control. The Commission has already determined that it has the authority to issue an order of this sort, as the Commission issued a similar order in response to a similar filing by the CAISO with regard to the incorporation of Western Area Power Administration into the TCA as a partial Participating TO.¹²

2. The Commission's Authority to Amend the TCA Is Indisputable

A number of provisions in the FPA and the Commission's regulations give the Commission indisputable authority to amend the TCA. Section 306 of the FPA states in relevant part that:

Any person . . . complaining of anything done or omitted to be done by any licensee or public utility in contravention of the provisions of this Act may apply to the Commission by petition which shall briefly state the facts, whereupon a statement of the complaint thus made shall be forwarded by the Commission to such licensee or public utility, who shall be called upon to satisfy the complaint or answer the same in writing within a reasonable time to be specified by the

¹² *California Independent System Operator Corporation*, 109 FERC ¶ 61,153 (2004). In that case, the Commission treated the CAISO's alternative filing as a complaint and granted the CAISO's requested relief in part. *Id.* at P 34.

Commission. If such licensee or public utility shall not satisfy the complaint within the time specified or there shall appear to be any reasonable ground for investigating such complaint, it shall be the duty of the Commission to investigate the matters complained of in such manner and by such means as it shall find proper.

16 U.S.C. § 825e.

In addition, Section 206 of the FPA states in relevant part that the Commission, upon its own motion or upon complaint, may determine whether “any rate, charges, or classification demanded, observed, charged, or collected by any public utility for any transmission or sale subject to the jurisdiction of the Commission, or [whether] any rule, regulation, practice, or contract affecting such rate, charge, or classification” is unjust, unreasonable, unduly discriminatory, or preferential. 16 U.S.C. § 824e(a). Moreover, the section provides that the Commission “shall determine the just and reasonable rate, charge, classification, rule, regulation, practice, or contract to be thereafter observed and in force, and shall fix the same by order.” *Id.* Rule 206 also provides in relevant part that “[a]ny person may file a complaint seeking Commission action against any other person alleged to be in contravention or violation of any statute, rule, order, or other law administered by the Commission, or for any other alleged wrong over which the Commission may have jurisdiction.” 18 C.F.R. § 385.206(a).

Without the addition of Startrans IO as a signatory to the TCA and a Participating TO with respect to the Mead Transmission Interests, the TCA is unjust and unreasonable as it would prevent the ISO from continuing Operational Control of transmission capacity over which it has exercised Operational Control for many years. Preventing the ISO from continuing its Operational Control could

have detrimental reliability and market impacts. Moreover, it would be unduly discriminatory if existing Participating TOs could exclude additional parties from becoming Participating TOs by failing or refusing to execute a revision to the TCA.

That the Commission has authority to order this remedy is unquestionable. Section 309 of the FPA states in relevant part that “[t]he Commission shall have power to perform any and all acts, and to prescribe, issue, make amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this Act.” 16 U.S.C. § 825h. Given that mandate to ensure transmission rates and contracts are just and reasonable and do not present issues of undue discrimination, the Commission must take action and modify the TCA.

3. The Commission Has Previously Exercised Its Authority with Regard to a Similar Filing by the CAISO Requesting an Amendment to the TCA

As discussed in Section III.B.1 above, the Commission has already determined that it has the authority to issue an order of this sort, as the Commission issued a similar order in response to a similar filing by the CAISO with regard to the incorporation of Western Area Power Administration into the TCA as a partial Participating TO.¹³ The CAISO in this case is simply requesting the Commission to exercise its authority to issue a similar order.

¹³ *California Independent System Operator Corporation*, 109 FERC ¶ 61,153 (2004).

IV. DESCRIPTION OF THE CHANGES TO THE TCA

In the instant filing, the CAISO proposes the following revisions to the TCA: changes to the CAISO's TCA signature page to reflect the CAISO's agreement to the TCA changes contained in Attachment A; a new TCA signature page executed by Startrans IO; a new TCA Appendix A (Startrans IO) to reflect Startrans IO's transmission rights and interests to be purchased from Vernon; an amended TCA Appendix A (Vernon) to reflect the deletion of Vernon's transmission rights and interests to be sold to Startrans IO; and a new page for inclusion in TCA Appendix F to provide Startrans IO's contact information.

The CAISO also proposes to add new TCA Section 4.4.5 to address the issues raised in discussions with the Participating TOs regarding their concerns about the possibility that Startrans IO might recover all or a portion of its TRR for the Mead Transmission Interests and then subsequently seek to withdraw those interests from the CAISO's Operational Control and operate them as non-Commission jurisdictional transmission rights. In the course of the discussions, both the concerned Participating TOs and Startrans IO indicated that they could accept provisions modeled on existing TCA Section 4.4.4, which was incorporated into the TCA to address similar concerns relating to Trans Bay Cable. The proposed provisions of Section 4.4.5 would specify essentially the same rights and obligations for Startrans IO as Section 4.4.4 specifies for Trans Bay Cable. It is the CAISO's understanding that the provisions of Section 4.4.5 are acceptable to the Participating TOs and Startrans IO. Consequently, the

CAISO requests that the Commission accept these provisions as part of its order on this filing.

V. EFFECTIVE DATE AND REQUEST FOR WAIVER

Pursuant to Section 35.11 of the Commission's regulations, 18 C.F.R. § 35.11, the CAISO respectfully requests waiver of the notice requirements of Section 35.3 of the Commission's regulations, 18 C.F.R. § 35.3, to permit the proposed changes to the TCA contained in this filing to become effective on April 14, 2008 or any earlier date on which the CAISO is able to implement revisions to its Master File and other systems to accommodate the simultaneous closing of the Transaction. This effective date will ensure that the Mead Transmission Interests remain under the ISO's Operational Control without interruption both before and after the Transaction is consummated and will minimize the likelihood that the CAISO might encounter operational issues due to the timing of the implementation of the change in the Participating TO for the Mead Transmission Interests. Granting the requested waiver, therefore, is appropriate. Waiver of the Commission's notice requirements is also appropriate because this filing does not involve a change in rates. *Central Hudson Gas & Electric Corporation*, 60 FERC ¶ 61,106, at 61,338 (1992).

While the CAISO has submitted the revised TCA sheets in Attachment A showing an effective date of April 1, 2008 for the TCA amendments submitted with this filing, the effective date requested in this filing will necessarily require that the actual effective date be subsequent to April 1. Consequently, the CAISO will submit a compliance filing substituting revised TCA sheets with the actual

effective date of the revised TCA. If the Commission does not order a specific effective date, then the CAISO will file substitute TCA sheets when (1) the Commission has issued its order on this filing and (2) the CAISO has accepted Operational Control of the Startrans IO transmission rights shown in the Startrans IO TCA Appendix A.

VI. REQUEST FOR EXPEDITED TREATMENT

The CAISO respectfully requests expedited treatment of this filing as it is imperative that the Commission reach a determination regarding these matters that makes Startrans IO's status as a Participating TO effective simultaneously with the closing of the Transaction. The ISO Tariff authorizes the CAISO to allocate transmission Access Charge revenues only to Participating TOs. Without acceptance by the Commission of these TCA amendments making Startrans IO a Participating TO as of the date of the closing of the Transaction, the CAISO will not have authority to implement the Commission orders approving the Transaction and Startrans IO's TO Tariff and TRR.

VII. RULE 206 REQUIREMENTS

Action or Inaction Alleged to Violate Statutory Standards or Regulatory Requirements (Rule 206(b)(1)): The violation is stated in Sections II and III above.

How Action or Inaction Violates Applicable Statutory Standards or Regulatory Requirements (Rule 206(b)(2)): The violation of statutory and regulatory requirements is described in Section III above.

Issues Presented as They Relate to or Affect the Complainant (Rule 206(b)(3)): The issues presented are set forth in Sections II, III, and V above.

Good Faith Effort to Quantify the Financial Impact or Burden Created for Complainant (Rule 206(b)(4)): The CAISO is unable to quantify the financial impact or burden created if the TCA is not amended as described in Section IV above or the requested effective date is not granted as described in Section V above.

Practical, Operational, or other Nonfinancial Impacts on Complainant (Rule 206(b)(5)): Unless the Commission grants the relief requested in this complaint, the CAISO will be unable to ensure that Mead Transmission Interests remain under the ISO's Operational Control without interruption both before and after the Transaction is consummated and the other necessary regulatory actions are made effective. In addition, if the Commission does not grant the effective date requested in Section V above, there is a possibility that the CAISO might encounter operational issues due to the timing of the implementation of the change in the Participating TO for the Mead Transmission Interests or might have to make retroactive adjustments to Settlements regarding its transmission Access Charges subsequent to the Commission's issuance of its order on this filing, as discussed in Section V above.

Related Proceedings (Rule 206(b)(6)): As discussed in the introduction and Section II above, this proceeding is related to the Commission proceedings on the Transaction and on the TRR and TO Tariff proposed by Startrans IO in Docket Nos. EC08-33 and ER08-413. However, the specific relief requested in

this complaint, the amendment of the TCA to add Startrans IO as a new Participating TO consistent with the outcome of those proceedings, is not appropriately the subject of those proceedings. As discussed in Section V above, the proceeding in Docket No. EC08-33 is also related to this proceeding in that the CAISO requests that the effective date of the Commission's order on this complaint be the same as the date the Transaction closes.

Specific Relief Requested (Rule 206(b)(7)): The specific relief requested is set forth in Sections III, IV, V, and VI above.

Documents that Support the Facts in the Complaint (Rule 206(b)(8)): No documents other than the complaint itself are provided to support the facts in the complaint.

Dispute Resolution (Rule 206(b)(9)): The CAISO does not believe that dispute resolution procedures would be useful with regard to this matter and the CAISO has not employed such procedures. Given the short time available and the lack of complete agreement by the Participating TOs regarding the resolution of the issues they have raised regarding this matter, the CAISO has not attempted to obtain the signatures of other parties to the TCA to include with this filing. The CAISO will rely on those parties to express their views in any comments they may file in response to this complaint.

Form of Notice (Rule 206(b)(10)): The CAISO includes a Form of Notice of this complaint suitable for publication in the Federal Register.

Service (Rule 206(c)): Copies of this complaint and all attachments have been served upon the Public Utilities Commission of the State of California, the

California Energy Commission, the California Electricity Oversight Board, the Participating TOs, Startrans IO, and all parties with effective Scheduling Coordinator Agreements under the ISO Tariff. In addition, the complaint and all attachments have been posted on the ISO Home Page.

VIII. LIST OF ATTACHMENTS

The following documents, in addition to this letter, support this filing:

- | | |
|--------------|--|
| Attachment A | Proposed clean replacement sheets for inclusion in the TCA |
| Attachment B | Black-lined sheets showing the proposed changes to the TCA |
| Attachment C | Form of Notice of this complaint |

IX. EXPENSES

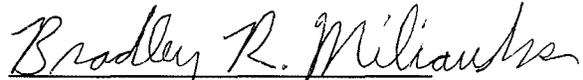
No expense or cost associated with this filing has been alleged or judged in any judicial or administrative proceeding to be illegal, duplicable, unnecessary, or demonstratively the product of discriminatory employment practices.

X. CONCLUSION

Wherefore, the CAISO respectfully requests that the Commission issue an order accepting the changes to the TCA proposed herein, effective as of the date proposed in this filing.

Respectfully submitted,

Michael D. Dozier
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, California 95630
Tel: (916) 608-7048
Fax: (916) 608-7222


Sean A. Atkins
Bradley R. Miliauskas
Alston & Bird LLP
The Atlantic Building
950 F Street, N.W.
Washington, D.C. 20004
Tel: (202) 756-3405
Fax: (202) 654-4875

Dated: April 1, 2008

Attachment A – Clean Sheets

Startrans IO, L.L.C. Transmission Control Agreement Tariff Filing

April 1, 2008

23. UNCONTROLLABLE FORCES	57
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36. SIGNATURE PAGE OF TRANS-ELECT NTD PATH 15, LLC	72A
37. SIGNATURE PAGE OF WESTERN AREA POWER ADMINISTRATION, SIERRA NEVADA REGION.....	72B
38. SIGNATURE PAGE OF CITY OF PASADENA.....	72C
39. SIGNATURE PAGE OF TRANS BAY CABLE LLC.....	72D
40. SIGNATURE PAGE OF STARTRANS IO, L.L.C.....	72E

APPENDICES A – FACILITIES AND ENTITLEMENTS

- PG&E Appendix A and Supplement
- Edison Appendix A and Supplement
- SDG&E Appendix A and Supplement
- Vernon Appendix A

Anaheim Appendix A
Azusa Appendix A
Banning Appendix A
Riverside Appendix A
Trans-Elect NTD Path 15, LLC Appendix A
Western Area Power Administration, Sierra Nevada Region Appendix A
Pasadena Appendix A
Trans Bay Cable LLC Appendix A
Startrans IO, L.L.C. Appendix A

APPENDICES B - ENCUMBRANCES

PG&E Appendix B
Edison Appendix B
SDG&E Appendix B
Vernon Appendix B
Anaheim Appendix B
Azusa Appendix B
Riverside Appendix B
Pasadena Appendix B

APPENDIX C - ISO MAINTENANCE STANDARDS

APPENDIX D - MASTER DEFINITIONS SUPPLEMENT

APPENDICES E - NUCLEAR PROTOCOLS

Diablo Canyon Appendix E
SONGS Appendix E

APPENDIX F - NOTICES

4.4.5 **Startrans IO**

4.4.5.1 In addition to the foregoing, the ISO, Startrans IO, L.L.C.

("Startrans IO"), and the Participating TOs acknowledge and agree that, following the ISO's approval of Startrans IO's application for Participating TO status and upon the effective date of Startrans IO's TO Tariff as approved by FERC, Startrans IO shall be entitled and obligated to recover the just and reasonable costs of developing, financing, constructing, operating and maintaining transmission assets and associated facilities forming part of the network in which it has transmission rights and Entitlements through Startrans IO's Transmission Revenue Requirement as established from time to time by FERC, including the specific rate principles approved by FERC in Docket No. ER08-413, to the extent that the transmission assets and associated facilities used to provide the transmission rights and Entitlements, as well as the transmission rights and Entitlements themselves, are placed under ISO Operational Control.

4.4.5.2 In reliance on the continued availability of a FERC-approved Transmission Revenue Requirement, as set forth above, Startrans IO will not withdraw from this Agreement except in connection with the transfer, sale or disposition of any of its transmission rights and Entitlements in compliance with Sections 3.3, 4.4, and any other applicable provision of this Agreement.

4.4.5.3 If Startrans IO should seek to transfer, sell or dispose of its transmission rights and Entitlements or any part thereof, then in addition to any and all other obligations imposed on such a transfer, sale or disposition by this Agreement, any applicable provisions of the ISO Tariff, and FERC rules and regulations, Startrans IO shall require as a condition of such transfer, sale or disposition that the transferee of any of its transmission rights and Entitlement(s): (a) assume in writing Startrans IO's rights and obligations under this Agreement, including without limitation all of the obligations imposed by this Section 4.4.5, *e.g.*, the obligation to recover the just and reasonable costs of developing, financing, constructing, operating and maintaining transmission assets and associated facilities forming part of the network in which it has transmission rights and Entitlements, as set forth in Section 4.4.5.1, exclusively through a FERC-approved Transmission Revenue Requirement; (b) become a Participating TO in the ISO; and (c) assume the obligation to bind each and every one of its transferees, successors and assigns to all of the obligations assumed by Startrans IO under this Agreement. For the avoidance of doubt, the transfer of any of Startrans IO's transmission rights and Entitlements cannot take place unless and until the holder of any such transmission rights and Entitlements has, in conjunction with the transfer, become a Participating TO in the ISO.

4.4.5.4 Nothing in this Section 4.4.5 shall be interpreted as affecting the right of any party to seek to increase or decrease, at the FERC or appeals therefrom, the established or proposed Transmission Revenue Requirement of Startrans IO or any subsequent holder of any of the transmission rights and Entitlements.

4.4.5.5 Notwithstanding the foregoing subsections of Section 4.4.5, this Section 4.4.5 shall become null and void in the event of and upon the first to occur of:

(a) Startrans IO receives for three (3) consecutive months either an underpayment, pursuant to Section 11.18.3 of the ISO Tariff, or a pro rata reduction in payments under Section 11.16.1 of the ISO Tariff, with each such underpayment or pro rata reduction equal to or greater than twenty percent (20%) of the monthly amount due and owing to Startrans IO from the ISO, or (b) Startrans IO receives either an underpayment, pursuant to Section 11.18.3 of the ISO Tariff or a pro rata reduction in payments under Section 11.16.1 of the ISO Tariff which, when calculated on a cumulative annual basis, is equal to or greater than five percent (5%) of the total amount due and owing to Startrans IO from the ISO for the twelve (12) month period ending prior to the month or months in which such underpayment or pro rata reduction occurs, *provided* such an underpayment or pro rata reduction does not result from: (i) Access Charge sales fluctuations that impact the monthly Access Charge revenue disbursement to Startrans IO, but which are subject to annual TRBA adjustment true-ups to be made by the Participating TO pursuant to Section 6.1 of Schedule 3 of Appendix F of the ISO Tariff; (ii) Startrans IO's action or failure to act; (iii) an error that has been corrected by the ISO; or (iv) a billing or payment dispute between Startrans IO and the ISO.

4.4.5.6 Should this Section 4.4.5 become null and void under Section 4.4.5.5, then Startrans IO, the ISO and the other Participating TOs shall remain bound by all of the remaining provisions of this Agreement.

27. SIGNATURE PAGE

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

California Independent System Operator Corporation has caused this Transmission Control Agreement to be executed by its duly authorized representative on this 31 day of March, 2008 and thereby incorporates the following Appendices in this Agreement:

Appendices A

Appendices B

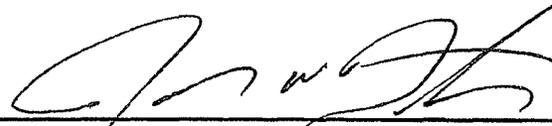
Appendix C

Appendix D

Appendices E

Appendix F

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
151 Blue Ravine Road
Folsom, California 95630

by: 

Jim Detmers
Vice President, Operations

40. SIGNATURE PAGE

STARTRANS IO, L.L.C.

STARTRANS IO, L.L.C. ("Startrans IO") has caused this Transmission Control Agreement to be executed by its duly authorized representative on this 28th day of MARCH, 2008 and thereby incorporates the following Appendices in this Agreement:

Appendix A (Startrans IO)

Appendix C

Appendix D

Appendix F

STARTRANS IO, L.L.C.

By: 

Madison Grose
Vice Chairman and Senior
Managing Director

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FERC ELECTRIC TARIFF NO. 7
SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

First Revised Sheet No. 92
Superseding Original Sheet No. 92

**APPENDIX A.2: CITY OF VERNON
TRANSMISSION ENTITLEMENTS**

[NOT USED]

Issued by: Anjali Sheffrin, Ph.D., Chief Economist
Issued on: April 1, 2008

Effective: April 1, 2008

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
 FERC ELECTRIC TARIFF NO. 7
 SECOND REPLACEMENT TRANSMISSION CONTROL AGREEMENT

Original Sheet No. 103E

APPENDIX A: STARTRANS IO, L.L.C.

TRANSMISSION ENTITLEMENTS

POINT OF RECEIPT- DELIVERY	PARTIES	DIRECTION	CONTRACT-TITLE	FERC	CONTRACT TERMINATION	CONTRACT AMOUNT
1. Mead-Adelanto Project (MAP)	SCPPA, MSR, Startrans IO (Operating Agent-LA)	Bi-Directional	<ul style="list-style-type: none"> - MAP Joint Ownership Agreement - Adelanto Switching Station Interconnection Agreement - Marketplace-McCullough 500 kV Interconnection Agreement 		As agreed to by the owners and approved by the Project Coordinating Committee.	81 MW
2. Mead-Phoenix Project (MPP)	SCPPA, MSR, Startrans IO, SRP, APR (Operating Managers -- SRP, Western (DSW))		<ul style="list-style-type: none"> - MPP Joint Ownership Agreement - Westwing Substation Interconnection Agreement. - Mead Interconnection Agreement - Marketplace-McCullough 500 kV Interconnection Agreement 		As agreed to by the owners and approved by the Project Management Committee.	28 MW 47 MW 75 MW
a) Westwing-Mead b) Mead Substation c) Mead-Marketplace		Bi-Directional Bi-Directional Bi-Directional				

Issued by: Anjali Sheffrin, Ph.D., Chief Economist
 Issued on: April 1, 2008

Effective: April 1, 2008

STARTRANS IO, L.L.C.

Name of Primary

Representative: Madison Grose
Title: Vice Chairman and Senior Managing Director
Address: Starwood Energy Group Global, L.L.C.
591 West Putnam Ave.
City, State, Zip Code: Greenwich, CT 06830
Email address: grosem@starwood.com
Phone: (203) 422-7714
Fax No: (203) 422-7814

Name of Alternative

Representative: Stephen P. Zaminski
Title: Executive Vice President and Managing Director
Address: Starwood Energy Group Global, L.L.C.
591 West Putnam Ave.
City, State, Zip Code: Greenwich, CT 06830
Email address: szaminski@starwood.com
Phone: (203) 422-7761
Fax No: (203) 422-7861

Attachment B – Blacklines

Startrans IO, L.L.C. Transmission Control Agreement Tariff Filing

April 1, 2008

TRANSMISSION CONTROL AGREEMENT

**Among
The Independent System Operator
and
Transmission Owners**

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APPENDICES A – FACILITIES AND ENTITLEMENTS

PG&E Appendix A and Supplement

Edison Appendix A and Supplement

SDG&E Appendix A and Supplement

Vernon Appendix A

Anaheim Appendix A

Azusa Appendix A

Banning Appendix A

Riverside Appendix A

Trans-Elect NTD Path 15, LLC Appendix A

Western Area Power Administration, Sierra Nevada Region Appendix A

Pasadena Appendix A

Trans Bay Cable LLC Appendix A

Startrans IO, L.L.C. Appendix A

APPENDICES B - ENCUMBRANCES

PG&E Appendix B

Edison Appendix B

SDG&E Appendix B

Vernon Appendix B

Anaheim Appendix B

Azusa Appendix B

Riverside Appendix B

Pasadena Appendix B

APPENDIX C - ISO MAINTENANCE STANDARDS

APPENDIX D - MASTER DEFINITIONS SUPPLEMENT

APPENDICES E - NUCLEAR PROTOCOLS

Diablo Canyon Appendix E

SONGS Appendix E

APPENDIX F – NOTICES

4.4.5 Startrans IO

4.4.5.1 In addition to the foregoing, the ISO, Startrans IO, L.L.C.

("Startrans IO"), and the Participating TOs acknowledge and agree that, following the ISO's approval of Startrans IO's application for Participating TO status and upon the effective date of Startrans IO's TO Tariff as approved by FERC, Startrans IO shall be entitled and obligated to recover the just and reasonable costs of developing, financing, constructing, operating and maintaining transmission assets and associated facilities forming part of the network in which it has transmission rights and Entitlements through Startrans IO's Transmission Revenue Requirement as established from time to time by FERC, including the specific rate principles approved by FERC in Docket No. ER08-413, to the extent that the transmission assets and associated facilities used to provide the transmission rights and Entitlements, as well as the transmission rights and Entitlements themselves, are placed under ISO Operational Control.

4.4.5.2 In reliance on the continued availability of a FERC-approved Transmission Revenue Requirement, as set forth above, Startrans IO will not withdraw from this Agreement except in connection with the transfer, sale or disposition of any of its transmission rights and Entitlements in compliance with Sections 3.3, 4.4, and any other applicable provision of this Agreement.

4.4.5.3 If Startrans IO should seek to transfer, sell or dispose of its transmission rights and Entitlements or any part thereof, then in addition to any and all other obligations imposed on such a transfer, sale or disposition by this Agreement, any applicable provisions of the ISO Tariff, and FERC rules and regulations, Startrans IO shall require as a condition of such transfer, sale or disposition that the transferee of

any of its transmission rights and Entitlement(s): (a) assume in writing Startrans IO's rights and obligations under this Agreement, including without limitation all of the obligations imposed by this Section 4.4.5, e.g., the obligation to recover the just and reasonable costs of developing, financing, constructing, operating and maintaining transmission assets and associated facilities forming part of the network in which it has transmission rights and Entitlements, as set forth in Section 4.4.5.1, exclusively through a FERC-approved Transmission Revenue Requirement; (b) become a Participating TO in the ISO; and (c) assume the obligation to bind each and every one of its transferees, successors and assigns to all of the obligations assumed by Startrans IO under this Agreement. For the avoidance of doubt, the transfer of any of Startrans IO's transmission rights and Entitlements cannot take place unless and until the holder of any such transmission rights and Entitlements has, in conjunction with the transfer, become a Participating TO in the ISO.

4.4.5.4 Nothing in this Section 4.4.5 shall be interpreted as affecting the right of any party to seek to increase or decrease, at the FERC or appeals therefrom, the established or proposed Transmission Revenue Requirement of Startrans IO or any subsequent holder of any of the transmission rights and Entitlements.

4.4.5.5 Notwithstanding the foregoing subsections of Section 4.4.5, this Section 4.4.5 shall become null and void in the event of and upon the first to occur of: (a) Startrans IO receives for three (3) consecutive months either an underpayment, pursuant to Section 11.18.3 of the ISO Tariff, or a pro rata reduction in payments under Section 11.16.1 of the ISO Tariff, with each such underpayment or pro rata reduction equal to or greater than twenty percent (20%) of the monthly amount due and owing to

Startrans IO from the ISO, or (b) Startrans IO receives either an underpayment, pursuant to Section 11.18.3 of the ISO Tariff or a pro rata reduction in payments under Section 11.16.1 of the ISO Tariff which, when calculated on a cumulative annual basis, is equal to or greater than five percent (5%) of the total amount due and owing to Startrans IO from the ISO for the twelve (12) month period ending prior to the month or months in which such underpayment or pro rata reduction occurs, *provided* such an underpayment or pro rata reduction does not result from: (i) Access Charge sales fluctuations that impact the monthly Access Charge revenue disbursement to Startrans IO, but which are subject to annual TRBA adjustment true-ups to be made by the Participating TO pursuant to Section 6.1 of Schedule 3 of Appendix F of the ISO Tariff; (ii) Startrans IO's action or failure to act; (iii) an error that has been corrected by the ISO; or (iv) a billing or payment dispute between Startrans IO and the ISO.

4.4.5.6 Should this Section 4.4.5 become null and void under Section 4.4.5.5, then Startrans IO, the ISO and the other Participating TOs shall remain bound by all of the remaining provisions of this Agreement.

* * *

27. SIGNATURE PAGE

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

California Independent System Operator Corporation has caused this Transmission Control Agreement to be executed by its duly authorized representative on this ____ day of _____, 2008~~6~~ and thereby incorporates the following Appendices in this Agreement:

Appendices A

Appendices B

Appendix C

Appendix D

Appendices E

Appendix F

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
151 Blue Ravine Road
Folsom, California 95630**

by: _____

Jim Detmers
Vice President, Operations

40. SIGNATURE PAGE

STARTRANS IO, L.L.C.

STARTRANS IO, L.L.C. ("Startrans IO") has caused this Transmission Control Agreement to be executed by its duly authorized representative on this _____ day of _____, 2008 and thereby incorporates the following Appendices in this Agreement:

Appendix A (Startrans IO)

Appendix C

Appendix D

Appendix F

STARTRANS IO, L.L.C.

By: _____
Madison Grose
Vice Chairman and Senior
Managing Director

* * *

APPENDIX A.2: CITY OF VERNON

TRANSMISSION ENTITLEMENTS

[SHEET NOT USED]

POINT OF RECEIPT-DELIVERY	PARTIES	DIRECTION	CONTRACT-TITLE	FERC	CONTRACT-TERMINATION	CONTRACT-AMOUNT
1. Mead-Adelanto Project (MAP)	SCPPA, MSR, Vernon, (Operating Agent-LA) (7)	Bi-Directional	-MAP Joint-Ownership-Agreement- Adelanto-Switching Station Interconnection-Agreement -Marketplace-MeCullough-500-kV Interconnection-Agreement.		As-agreed-to-by-the owners-and-approved by-the-Project Coordinating Committee.	81 MW
2. Mead-Phoenix Project (MPP)	SCPPA, MSR, Vernon, SRP, APS (Operating Managers— SRP, Western (DSW)) (7)		-MPP Joint-Ownership-Agreement -Westwing Substation Interconnection-Agreement -Mead-Interconnection-Agreement -Marketplace-MeCullough-500-kV Interconnection-Agreement.		As-agreed-to-by-the owners-and-approved by-the-Project Management Committee.	28 MW 47 MW 75 MW
e) Westwing-Mead b) Mead-Substation e) Mead-Marketplace		Bi-Directional Bi-Directional Bi-Directional				

* * *

APPENDIX A: STARTRANS IO, L.L.C.

TRANSMISSION ENTITLEMENTS

<u>POINT OF RECEIPT- DELIVERY</u>	<u>PARTIES</u>	<u>DIRECTION</u>	<u>CONTRACT-TITLE</u>	<u>FERC</u>	<u>CONTRACT TERMINATION</u>	<u>CONTRACT AMOUNT</u>
1. <u>Mead-Adelanto Project (MAP)</u>	<u>SCPPA, MSR, Startrans IO (Operating Agent-LA)</u>	<u>Bi-Directional</u>	<ul style="list-style-type: none"> - <u>MAP Joint Ownership Agreement</u> - <u>Adelanto Switching Station Interconnection Agreement</u> - <u>Marketplace-McCullough 500 kV Interconnection Agreement</u> 		<u>As agreed to by the owners and approved by the Project Coordinating Committee.</u>	<u>81 MW</u>
2. <u>Mead-Phoenix Project (MPP)</u>	<u>SCPPA, MSR, Startrans IO, SRP, APR (Operating Managers – SRP, Western (DSW))</u>		<ul style="list-style-type: none"> - <u>MPP Joint Ownership Agreement</u> - <u>Westwing Substation Interconnection Agreement</u> - <u>Mead Interconnection Agreement</u> - <u>Marketplace-McCullough 500 kV Interconnection Agreement</u> 		<u>As agreed to by the owners and approved by the Project Management Committee.</u>	<u>28 MW 47 MW 75 MW</u>
a) <u>Westwing-Mead</u> b) <u>Mead Substation</u> c) <u>Mead-Marketplace</u>		<u>Bi-Directional Bi-Directional Bi-Directional</u>				

TRANSMISSION CONTROL AGREEMENT

APPENDIX F

NOTICES

STARTRANS IO, L.L.C.

Name of Primary

Representative: Madison Grose
Title: Vice Chairman and Senior Managing Director
Address: Starwood Energy Group Global, L.L.C.
591 West Putnam Ave.
City, State, Zip Code Greenwich, CT 06830
Email address: grosem@starwood.com
Phone: (203) 422-7714
Fax No: (203) 422-7814

Name of Alternative

Representative: Stephen P. Zaminski
Title: Executive Vice President and Managing Director
Address: Starwood Energy Group Global, L.L.C.
591 West Putnam Ave.
City, State, Zip Code Greenwich, CT 06830
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ATTACHMENT C

**NOTICE OF FILING SUITABLE FOR PUBLICATION
IN THE FEDERAL REGISTER**

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

California Independent System) Docket No. EL08-____-000
Operator Corporation)

In Re Transmission Control)
Agreement)

NOTICE OF COMPLAINT

April [], 2008

Take notice that on April 1, 2008, the California Independent System Operator Corporation (CAISO) filed a complaint pursuant to Sections 206, 306, and 309 of the Federal Power Act (FPA), 16 U.S.C. §§ 824e, 825e, and 825h, and Section 206 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission, 18 C.F.R. § 385.206 (2007), to modify the Transmission Control Agreement (TCA), under which the CAISO assumes Operational Control of the transmission facilities that constitute the ISO Controlled Grid, because the TCA would be unjust and unreasonable and unduly discriminatory if Startrans IO, L.L.C. (Startrans IO) is precluded from becoming a party to the TCA and a Participating Transmission Owner for the transmission rights that it proposes to acquire from the City of Vernon that are currently under the CAISO's Operational Control.

The CAISO states that the complaint and all attachments have been served upon the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, the Participating TOs, Startrans IO, and all parties with effective Scheduling Coordinator Agreements under the ISO Tariff. In addition, the complaint and all attachments have been posted on the ISO Home Page.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR §§ 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date.

On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the CAISO.

The Commission encourages electronic submission of protests or interventions in lieu of paper using the “eFiling” link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the “eLibrary” link and is available for review in the Commission’s Public Reference Room in Washington, DC. There is an “eSubscription” link on the Web site that enables subscribers to receive e-mail notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please e-mail FERCOnlineSupport@ferc.gov, or call toll-free (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: _____