

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

California Independent System) **Docket No. ER08-1113-002**
Operator Corporation)

**MOTION FOR EXTENSION OF TIME
TO COMPLY WITH ORDER ON COMPLIANCE**

The California Independent System Operator Corporation respectfully requests an extension of time to file tariff language in compliance with the Federal Energy Regulatory Commission’s *Order on Compliance* issued on March 6, 2009. The ISO requests authority to make its compliance filing no later than July 1, 2009, so that it may engage in additional discussions with stakeholders in its effort to resolve the remaining compliance requirements directed in the *Order on Compliance*. The additional time is necessary to hold a stakeholder meeting to discuss tariff language drafted to implement directives in the *Order on Compliance* and consider comments submitted by stakeholders. The ISO intends to request that the Commission’s Dispute Resolution Service (DRS) attend and facilitate the stakeholder meeting. As discussed further below, it is the ISO’s belief that through this effort affected stakeholders and the ISO will be afforded an additional opportunity to discuss their concerns and thereby better inform the ISO’s compliance filing. The ISO submits this motion pursuant to Rules 212 and 2008 of the Commission’s Rule of Practice and Procedure.¹

¹ 18 C.F.R. § 385.212 and § 385.2008 (2008).

I. BACKGROUND

On June 17, 2008, the ISO submitted proposed revisions to the Market Redesign and Technology Upgrade (MRTU) Tariff seeking to enhance congestion management on the CAISO Controlled Grid by appropriately pricing and modeling interchange transactions, *i.e.*, imports and exports between the CAISO Controlled Grid and the SMUD and Turlock Balancing Authority Areas.² The ISO requested authority to establish the SMUD and Turlock Integrated Balancing Authority Area (IBAA) at the same time as the implementation of the MRTU.

On September 19, 2008, the Commission issued an order that conditionally accepted, subject to modification, the ISO's proposed tariff revisions to establish an IBAA to become effective upon implementation of MRTU.³ The *September 2008 Order* conditionally approved, subject to further compliance requirements, the ISO's configuration of the IBAA as a single hub with default modeling and pricing points for all interchange transactions for the IBAA as just and reasonable. The *September 2008 Order* required the ISO to develop tariff language to address several issues, including appropriate adjustments to the marginal losses paid by users of the California Oregon Transmission Project that are importing power to the CAISO Controlled Grid. In addition, the *September 2008 Order* required the ISO to propose various tariff provisions related to the development and administration of a Market Efficiency Enhancement

² The IBAA includes the transmission facilities within the Sacramento Municipal Utility District and Turlock Balancing Authority Areas. The SMUD Balancing Authority Area includes (in addition to SMUD's own transmission system) the transmission facilities of: the Western Area Power Administration – Sierra Nevada Region; Modesto Irrigation District; the City of Redding; and the City of Roseville.

³ *September 2008 Order*.

Agreement (MEEA) between the ISO and an entity seeking to obtain alternative pricing instead of a default price for interchange transactions.

On November 25, 2008, the ISO submitted tariff language to comply with the *September 2008 Order*. On March 6, 2009, the Commission issued its *Order on Compliance*, which conditionally accepted subject to modification the ISO's proposed tariff language submitted on November 25, 2008. Specifically, the Commission directed the ISO to file additional tariff language on further compliance as follows:

- (a) The Commission directed the ISO "to clarify that the price provided to a MEEA signatory will be reflective of the LMP at the nodes where a specific import or export between the SMUD-Turlock IBAA and the ISO is demonstrated to be located."⁴
- (b) The Commission directed the ISO to eliminate this proposed tariff rule as filed in its November 25, 2008 compliance filing in section 27.5.3.2.2 to apply the IBAA default price to an MEEA signatory's imports and exports if during any Trading Hour the MEEA signatory was simultaneously importing to or exporting from the ISO.⁵
- (c) The Commission found that "if the MEEA signatory can verify the location and operation of an import or export, then it should receive the actual pricing for the interchange transaction."⁶ The Commission rejected the CAISO's proposed formula to limit MEEA-specific LMPs to "maximum eligible quantities."⁷
- (d) The Commission directed the ISO to delete information requirements proposed in tariff section 27.5.3.2.2 related to calculating eligible quantities or explain and support them as a means to verify the location and operation of imports and exports between the IBAA and the ISO Balancing Area Authority.⁸

⁴ *Order on Compliance* at P 35.

⁵ *Id.* at PP 61, 62.

⁶ *Id.* at P 61.

⁷ *Id.* at P 62.

⁸ *Id.* at P 81.

- (e) The Commission directed the ISO to modify its tariff provision to specify that data submission consistent with Western Electricity Coordinating Council format is acceptable. The Commission also directed that the ISO specify the timeline it will require for data submitted under an MEEA.
- (f) The Commission stated that the ISO must ensure that any information provided by an entity to the ISO during the negotiation of a MEEA or under an executed MEEA is kept confidential.⁹ The Commission also directed the ISO to amend Section 27.5.3.5 of its tariff to include language that ISO will either return or destroy information provided by an entity during the negotiation of an MEEA, if the market participant does not execute an MEEA.¹⁰
- (g) The Commission directed that the ISO delete the term *maximum* in Section 27.5.3.7 of the tariff regarding the description of the limited purpose of an MEEA audit.¹¹
- (h) The Commission directed the ISO to modify its tariff language to clarify that the losses adjustment for COTP imports extends to transactions for which a third party has been charged by TANC or Western for service over the COTP.¹²
- (i) The Commission directed the ISO to clarify how frequently it would need to verify that schedules originating from transactions that (a) use the COTP and (b) are charged losses by the Western or TANC for the use of the COTP.¹³

II. MOTION FOR EXTENSION OF TIME

On March 31, 2009, the ISO launched MRTU. The successful launch of its new market redesign required the concentration of critical ISO market design and technical staff. Consequently, the ISO has not conducted a more extensive stakeholder process within the time directed in the *Order on Compliance*. While the ISO does not normally

⁹ *Id.* at P 91.

¹⁰ *Id.* at P 92.

¹¹ *Id.* at P 118.

¹² *Id.* at P 163.

¹³ *Id.* at P 166.

consult with stakeholders on its compliance filings, the Commission recommended that the ISO do so.¹⁴ In light of the Commission's recommendation to consult with stakeholders, the ISO posted its proposed tariff compliance language on April 20, 2009, so that stakeholders could submit written comments for the ISO's consideration.

Based on the initial response by certain stakeholders regarding their concern over a lack of further opportunity to discuss the proposed tariff language, the ISO is respectfully requesting an extension of time sufficient to effectuate a stakeholder meeting. Additionally, the ISO believes that this effort may benefit from the involvement of a non-ISO facilitator and therefore intends to request that the Commission's DRS staff facilitate the stakeholder meeting. The purpose of the meeting would be to discuss in more detail the ISO's proposal in response to the Commission's directives in the *Order on Compliance*, so that the ISO can better address concerns raised by stakeholders before filing proposed tariff language. The ISO recognizes that this matter has been highly contentious. Therefore, provided the Commission grants the additional extension of time, the ISO will request the assistance of DRS staff to facilitate an additional stakeholder meeting for the purpose of exploring more carefully any concerns stakeholders may have with the ISO's proposal.

The scope of any additional stakeholder process should not expand beyond the Commission's compliance directives. Therefore, it is important that this additional stakeholder meeting be coordinated and moderated such that the parties focus on resolving the remaining outstanding compliance items effectively. DRS staff's assistance can be beneficial to this end. In addition, because of the highly technical nature of the

¹⁴ *Id.* at P 16, fn 13.

compliance items the ISO believes that this additional stakeholder process would further benefit from the participation of Commission technical staff that is familiar with the types of issues raised in this proceeding and in other Locational Marginal Price based markets. Therefore, the ISO respectfully requests that in addition to the extension of time, the Commission considers assigning a technical member of its staff to attend the stakeholder meeting and assist DRS staff.

The ISO hopes to be able to conduct this additional stakeholder meeting in early June. Given the possible of involvement of additional resources from the Commission and the need to provide adequate notice to stakeholders, the ISO believes this proposed timeframe is reasonable. Therefore, the ISO requests an extension of time in order to prepare for and hold the meeting and then prepare the compliance filing after the meeting has been conducted. The ISO believes that an extension to allow for the submission of the compliance filing no later than July 1, 2009, will suffice for this effort. The ISO hopes that this additional process will serve to address many of the concerns and questions raised by stakeholders, which could minimize disputes before the ISO files its proposed tariff language.

Good cause exists to permit the ISO additional time to schedule a DRS staff facilitated meeting, consider concerns raised by interested parties and make its compliance filing after that process has been completed. The ISO does not believe any party will be prejudiced. To the contrary, by granting the additional time to comply with the *Order on Compliance*, interested parties will have the benefit of additional opportunities to review and provide input before the ISO submits its tariff language to the Commission for approval.

III. CONCLUSION

For the reasons set forth above, the Commission should grant the ISO the requested extension to make a compliance filing no later than July 1, 2009.

Respectfully submitted,

/s/ Anna McKenna

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ATTORNEYS FOR
THE CALIFORNIA
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April 30, 2009

CERTIFICATE OF SERVICE

I hereby certify that I have served, by electronic and United States mail, a copy of the foregoing Motion of the California Independent System Operator Corporation for Extension of Time for Compliance Filing in Docket No. ER08-1113-000.

Executed on April 30, 2009, at Folsom, California.

/s/ Anna Pascuzzo

Anna Pascuzzo