

UNITED STATES OF AMERICA 90 FERC ¶ 61,036  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;  
Vicky A. Bailey, William L. Massey,  
Linda Breathitt, and Curt Hébert, Jr.

AES Redondo Beach, L.L.C. Docket No. ER98-2843-008  
AES Huntington Beach, L.L.C. Docket No. ER98-2844-008  
AES Alamitos, L.L.C. Docket No. ER98-2883-008  
(Not Consolidated)

El Segundo Power, LLC Docket No. ER98-2971-009  
Long Beach Generation, LLC Docket No. ER98-2972-009  
(Not Consolidated)

Ocean Vista Power Generation, L.L.C.  
Mountain Vista Power Generation, L.L.C.  
Alta Power Generation, L.L.C. Docket No. ER98-2977-007  
Oeste Power Generation, L.L.C.  
Ormond Beach Power Generation, L.L.C.

Williams Energy Services Company Docket No. ER98-3106-005

Duke Energy Oakland, L.L.C. Docket No. ER98-3416-007  
Duke Energy Morro Bay, L.L.C. Docket No. ER98-3417-007  
Duke Energy Moss Landing, L.L.C. Docket No. ER98-3418-007  
(Not Consolidated)

Sempra Energy Trading Corporation Docket No. ER98-4497-003

San Diego Gas & Electric Company Docket No. ER98-4498-003

California Independent System Operator  
Corporation Docket Nos. ER99-1971-001  
and ER99-1971-002

(Not Consolidated)

Docket No. ER98-2843-008, et al.

ORDER ON REHEARING, DIRECTING COMPLIANCE FILING, GRANTING  
CLARIFICATION, AND ACCEPTING COMPLIANCE FILING

(Issued January 14, 2000)

On June 25, 1999, the California Independent System Operator Corporation (ISO) filed a request for rehearing, motion for clarification, and conditional motion for partial stay of the Commission's order issued in this proceeding on May 26, 1999.<sup>1</sup> Also on that date, the Metropolitan Water District of Southern California (Metropolitan), Southern California Edison Company (SoCal Edison), the Bonneville Power Administration (Bonneville), and El Segundo Power, LLC and Long Beach Generation, LLC (El Segundo and Long Beach) filed requests for rehearing and/or clarification of the May 26 Order. For the reasons given below, we will deny the requests for rehearing in part (to the extent not already denied),<sup>2</sup> grant the requests for clarification in part, and dismiss the rehearing requests in part, as moot. We will also accept the ISO's compliance filing, submitted in Docket No. ER99-1971-002, without modification, finding that the ISO has submitted tariff revisions that, as amended, fully comply with the directives in the May 26 Order.

Background

In the summer of 1998, the ISO experienced price spikes and bid insufficiencies in its newly established Ancillary Services markets. As a result, the ISO implemented, and we approved, a purchase price cap for those markets.<sup>3</sup> In the October 28, 1998 Order, we denied rehearing of the July 17, 1998 Order and, among other things, directed the ISO to facilitate a comprehensive stakeholder process to redesign the Ancillary Services markets and to file a redesign proposal no later than March 1, 1999. The October 28, 1998 order stressed that a purchase price cap was not an ideal approach and that we did not expect it to remain in place for the long term. Thus, we directed the ISO to indicate in its March 1st filing whether it intended to continue its discretion to set a cap and if so, to include objective criteria that would be used to exercise its discretion as well as a proposed formula or specific level for any cap. Also, we clarified that the ISO "as a purchaser, has the discretion to reject bids that are excessive; it does not have the unilateral authority to set rates or to reduce bids."<sup>4</sup>

The ISO filed its Tariff Amendment No. 14, which it described as Phase 1 of its comprehensive Ancillary Services market redesign, in Docket No. ER99-1971-000, and we accepted the redesign proposals, as modified, in the May 26 Order. Four elements of that filing are relevant here. First, the ISO proposed to require any Scheduling Coordinators that self-supplied Ancillary Service capacity in the day-ahead market to pay the ISO the applicable hour-ahead price for any of that capacity that was subsequently withdrawn from self-provision. That is, such self-provided capacity would be bought

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back at the hour-ahead price (hence the short-hand reference, "buy back proposal"). We accepted the buy back proposal except as it applied to self-provided Ancillary Services subsequently withdrawn at the instruction of the ISO.

Second, in Amendment No. 14 the ISO proposed to procure additional replacement reserves in order to provide for the difference between load scheduled in the day-ahead market and forecast load. The costs for the extra replacement reserves would be borne by Scheduling Coordinators whom either had actual demand exceeding scheduled demand, or actual generation less than scheduled generation. The ISO's rationale for the proposal was to create an incentive for Scheduling Coordinators to schedule load as accurately as possible in the day-ahead market. We agreed with the ISO that parties underscheduling demand or overscheduling generation should bear the costs of extra replacement reserves.

Third, the ISO proposed to raise and eventually eliminate existing price caps on Ancillary Services and Imbalance Energy upon the implementation of several redesign elements, but in the interim, it planned to maintain the current \$250/MWh price caps. The ISO further proposed a safety net in which it would continue to monitor the markets, and if it identified market failures or supply insufficiencies, it would lower price caps in the affected markets. We directed the ISO to eliminate the price caps by November 15, 1999 with the caveat that the ISO could file for an extension of its price cap authority if its experience with the market reforms over the summer indicated serious market design flaws still exist. The determination whether to file for an extension would be aided by reports that we directed the ISO's Market Surveillance Committee (MSC) and the California Power Exchange's Market Monitoring Committee (MMC) to file with the Commission by October 15, 1999.

Last, in order to improve control over generating units supplying Regulation service, the ISO proposed that each generator supplying that service be capable of control and monitoring by the ISO's remote control system, the Remote Intelligent Gateway System (RIGS). We approved this proposal but cautioned the ISO that its operational control over hydroelectric generators could not conflict with the requirements of any FERC hydroelectric licenses.

Also in the May 26 Order, we granted the ISO's motion for clarification of our October 28, 1998 Order, regarding its implementation of the purchase price cap. We clarified that it was appropriate for the ISO to announce its intention to reject any bids above its specified purchase price cap and, if suppliers continued to bid at prices above that cap, to treat those offers as if made at the specified cap instead.

#### I. Requests for Rehearing

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Five requests for rehearing and/or clarification were filed. The ISO, SoCal Edison, and Metropolitan object to the expiration of the ISO's price cap authority as of November 15, 1999; the ISO and Metropolitan request an extension of time before that authority terminates. The ISO, Metropolitan, and Bonneville request rehearing of our treatment of the buy back proposal. SoCal Edison takes issue with our approval of the proposal to charge purchasers for extra Replacement Reserves costs, claiming that the costs are caused by generators and arguing that the generators should pay the extra costs. El Segundo and Long Beach assert that the Commission erred in holding that the ISO's procedures used to implement the purchase price cap were appropriate. Finally, the ISO asks us to clarify that our discussion of its RIGS proposal was not intended to imply that hydroelectric licensees are exempted from ISO tariff provisions.

On July 13, 1999, Reliant Energy Power Generation, Inc. (Reliant) filed an answer opposing the ISO's request for an extension of the price cap authority. Subsequently, SoCal Edison responded to Reliant's answer.

The ISO's filing requested a stay of the portion of the May 26 Order concerning the buy back proposal if the Commission could not address its request for rehearing by July 20, 1999. Our July Rehearing Order denied the ISO's rehearing request on that issue, and denied the ISO's request for a stay. The remaining issues raised in the parties' requests required further consideration and are now addressed in this order. On September 17, 1999, the ISO filed Amendment No. 21 in Docket No. ER99-4462-000, proposing tariff revisions to extend for one year, until November 15, 2000, its authority to cap Imbalance Energy and Ancillary Services prices. The ISO noted that, absent favorable action on its rehearing request or approval of Amendment No. 21, its authority would expire on November 15, 1999. The Commission accepted Amendment No. 21 for filing on November 12, 1999.<sup>5</sup>

### Discussion of the Rehearing Requests

#### 1. Procedural Matters

We will reject Reliant's and SoCal Edison's answers as prohibited answers pursuant to 18 C.F.R. § 385.213 (1999).

#### 2. Buy Back Proposal

In the May 26 Order, the Commission accepted the ISO's proposal to charge the hour-ahead price to entities who committed to self-provide Ancillary Services but subsequently voluntarily withdrew that commitment, and rejected the proposal as it applies to self-provided Ancillary Services subsequently withdrawn at the instruction of the ISO (e.g., due to a transmission event). The Commission, in rejecting the proposal in

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part, reasoned that requiring involuntarily withdrawn Ancillary Services to be purchased at the hour-ahead market price did not help to achieve the ISO's stated purpose of reducing gaming by removing the incentive for Scheduling Coordinators to withdraw previously self-provided capacity from the day-ahead market. The Commission further stated that applying the proposal to involuntary withdrawals was inconsistent with the ISO's argument that self-providing capacity should be a binding commitment, holding that the binding nature of the commitment should apply to both parties.

The ISO requested rehearing of the Commission's decision to approve the buy back proposal only in the instance where the withdrawal of self-supplied Ancillary Services is voluntary. The ISO believes that, regardless of the circumstances surrounding the withdrawal of Ancillary Services, self-suppliers should be forced to buy back those withdrawn services at the hour-ahead price. We addressed and denied this request for rehearing in our July Rehearing Order.

Bonneville requests clarification, or in the alternative, rehearing, that the Commission's decision on the buy back proposal with respect to self-supplied Ancillary Services also applies to Ancillary Service capacity sold in the day-ahead market, but subsequently involuntarily withdrawn. It believes that the arguments made by the Commission with regard to forced buy backs of self-supplied Ancillary Services applies to Ancillary Services sold through the day-ahead market as well. Bonneville states that the forced buy back of Ancillary Services has caused the markets to be thin, which leads to price volatility and high prices in general. It argues that allowing the ISO to force buy backs of day-ahead capacity at the hour-ahead price while allowing forced buy-back of self-supplied capacity at the day-ahead price, would lead to more Scheduling Coordinators self-supplying Ancillary Services and withdrawing from the formal markets. Providers of Ancillary Service imports, like Bonneville, do not have the ability to supply Ancillary Services through bilateral trades, and Bonneville asserts that waiting to sell into the hour-ahead market might result in being foreclosed from the market since there may be no available transmission capacity remaining.

Metropolitan also requests rehearing of the Commission's partial acceptance of the buy back proposal. Metropolitan claims that the approved plan still unfairly penalizes self-providers of Ancillary Services for schedule changes made due to other legitimate circumstances. It also claims that the Commission's solution for avoiding buy back charges increases the risk of incurring congestion charges, which are higher in the hour-ahead market than the day-ahead market. Metropolitan also states that if available providers of Ancillary Services withhold capacity from the day-ahead market in anticipation of demand increases in the hour-ahead market, then the overall cost of Ancillary Services will rise.

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Metropolitan proposes a solution in which the cost of Ancillary Services procured day-ahead will be charged to day-ahead scheduled load, and the cost of Ancillary Service procured hour-ahead will be charged to load scheduled hour-ahead. It believes this solution would eliminate the gaming opportunity identified by the ISO, and thus eliminate the need for the buy back proposal and the associated market distortions. If the Commission does not accept its proposal, then, in the alternative, Metropolitan suggests that the buy back proposal as accepted by the Commission be applied equally to all Scheduling Coordinators regardless of whether they self-supply Ancillary Services or sell them into the ISO markets.<sup>6</sup>

We clarify here that the ISO's buy back proposal should treat self-schedulers of Ancillary Services equally to those Scheduling Coordinators who sell Ancillary Services in the ISO markets. That is, only Ancillary Services that are voluntarily withdrawn from the day-ahead schedule by a Scheduling Coordinator, regardless of whether they are self-supplied or sold into the market, should be subject to the ISO's buy back proposal; for those schedules which are involuntarily withdrawn at the direction of the ISO, the buy back should occur at the day-ahead price. We agree with arguments made by Bonneville and, in part, by Metropolitan, regarding the necessity of equal treatment for self-providers and sellers in the day-ahead market. Accordingly, we will grant Bonneville's request for clarification. Further, we direct the ISO to submit a compliance filing revising the buy back provision in accordance with this discussion.

Again, we reiterate our guidance from the May 26 Order in that we encourage the ISO to consider implementing a bidding mechanism to address situations in which it must change the amount of capacity self-provided or sold into the Ancillary Services markets. Allowing sellers and self-providers to submit adjustment bids would allow the ISO to reduce Ancillary Service capacity in various locations as needed more efficiently, and in a way that is mutually beneficial to suppliers and the ISO.<sup>7</sup>

We reject Metropolitan's request to order the ISO to implement Metropolitan's proposed solution to the gaming opportunity on the grounds that it would violate the principle of billing Ancillary Services based upon metered demand, which we support and have already approved, as opposed to bifurcated billing based on whether load was scheduled day-ahead or hour-ahead.

### 3. Replacement Reserves

SoCal Edison argues that the Commission erred in its decision to approve the ISO's proposal to allocate to load the cost of extra Replacement Reserves needed to meet demand not scheduled in the day-ahead market, and requests rehearing. SoCal Edison cites the MMC's report dated March 10, 1999 which states that in some hours it is not load that is underscheduling, but that supply has been underoffered.<sup>8</sup> SoCal Edison

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claims that those generators that undersupply in the day-ahead market should be responsible for the cost of extra Replacement Reserves and that allocating the cost of extra Replacement Reserves to load violates cost-causation principles. Therefore, SoCal Edison asks that the Commission order the ISO to submit a compliance filing indicating how it will allocate the cost of extra Replacement Reserves to the generators who cause these costs to be incurred.

We will deny SoCal Edison's request for rehearing. Underscheduled generation is not relevant to the procurement of extra Replacement Reserves, as unscheduled generation that shows up in real time does not create the need for extra Replacement Reserves.

#### 4. RIGS Clarification

The ISO confirms in its rehearing request that nothing in RIGS precludes a hydroelectric licensee from manually intervening to comply with its license requirements and with Commission orders. The ISO seeks clarification that our concern about licensees' ability to control their output manually was not intended to suggest that such units should be exempted from tariff provisions regarding payment and sanctions for non-performance.

We will grant the ISO's request for clarification of this aspect of our May 26 Order. Licensees providing Regulation service who find it necessary to intervene manually in order to comply with their license conditions will be subject to all applicable tariff provisions. Our May 26 Order did not intend to suggest otherwise, but merely cautioned that FERC-licensed hydro facilities must have the flexibility to control output if necessary.

#### 5. Price Cap Implementation Procedures

El Segundo and Long Beach raise several arguments why our clarification regarding the ISO's procedures to implement the purchase price cap is in error. First, they assert that our rationale ignores past precedent regarding the bid cap approved for the Imbalance Energy market, where we required the ISO to ensure that a unit that is actually instructed to generate Imbalance Energy will receive a price at least equal to the bid price.<sup>9</sup> They also claim that the Commission failed to address statements in the record that bidders in the Ancillary Services markets disputed the ISO's interpretation of its authority to reject bids and that the ISO had actual notice of this dispute. Finally, El Segundo and Long Beach contend that the Commission has exceeded its statutory authority by allowing the ISO to unilaterally adjust bidders' rate schedules. They argue that, by accepting bids submitted above the price cap but paying those bidders the amount of the cap, the ISO is making unilateral changes to accepted rates.

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We will deny this rehearing request. Our ruling in the May 26 Order is not inconsistent with our handling of the original price cap for Imbalance Energy. The May 26 Order states that the fact that a different procedure was used with respect to the Imbalance Energy cap was not dispositive and mentioned several distinguishing factors. The original price cap for Imbalance Energy was not imposed in response to a concern about inflated bids. Rather, as our May 28, 1998 Order noted,<sup>10</sup> this cap was a software price cap, and it was developed in response to a flaw in the ISO's balancing energy software. The software was calculating prices based on false assumptions; it would falsely assume that certain generators with high bids were actually producing energy, and would establish prices based on those bids. But while the Commission accepted a cap to avoid establishing prices based on high bids from generators not actually generating, any unit that actually was called upon and produced energy would receive an amount at least equal to its bid. Once the software problem was corrected, we directed the ISO to discontinue its price cap. In the case of the Ancillary Services markets, however (and more recently, the Imbalance Energy market),<sup>11</sup> the ISO's underlying need for a purchase price cap has been that a broader set of market design flaws has inhibited the ability of market forces to adequately discipline the price for the services involved.<sup>12</sup>

Thus, the May 26 Order did not overlook the earlier cases, but rather took into account the unique history of the purchase price cap implementation. We noted the apparent initial confusion about the ISO's procedures for the Ancillary Services purchase price cap and the practice of some suppliers who continued to place bids above the ceiling despite the ISO's publicized intent to treat such bids as made at the specified cap, apparently made "to protect their claim to higher payments should the Commission find the ISO's implementation procedures were not appropriate."<sup>13</sup> Hence, we recognized statements in the record regarding bidders disputing the ISO's procedure, but found them unpersuasive.

We do not agree with El Segundo and Long Beach that the ISO's treatment of above-cap bids results in unilateral adjustments to bidders' rate schedules. The ISO's procedures clearly inform bidders of its intention to set the market clearing prices at the specified cap and to pay all suppliers that price in the event the bid of the marginal unit is higher than the cap. If bidders do not wish to sell at that price, their alternative is to refrain from bidding. As the Commission noted in the order accepting Amendment No. 21,<sup>14</sup> the ISO cannot compel any supplier,<sup>14</sup> to provide it with Ancillary Services through its markets.

Therefore, we reject El Segundo and Long Beach's arguments on rehearing.

6. Extending the ISO's Price Cap Authority



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The ISO requests rehearing of the Commission's decision to terminate its price cap authority on November 15, 1999, and requests an extension of that authority until February 15, 2000. Metropolitan also objects to the November 15 termination date and requests that the ISO's price cap authority be extended until March 15, 2000. Metropolitan further requests that an extension be given for the deadline on the MSC and MMC reports until January 15, 2000, to allow the committees more time to fully analyze the impact of the market reforms.

SoCal Edison argues on rehearing that the ISO's markets must be shown to be workably competitive before the price caps can be removed. SoCal Edison contends that even if all the design flaws have been eliminated, thin markets and unresponsive demand could still lead to markets which are not workably competitive. Moreover, SoCal Edison argues that the burden of proof for demonstrating the existence of workably competitive markets should not rest with the ISO, but with the proponents of price cap elimination.

These requests for rehearing and/or clarification all object to the expiration of the ISO's purchase price cap authority as of November 15, 1999. The Commission's approval of Amendment No. 21 extended the ISO's authority to use a purchase price cap until November 15, 2000. Accordingly, these rehearing requests are dismissed as moot. The MSC report was filed on October 19, 1999, and thus Metropolitan's request that it be given more time is also moot. The MMC report has not yet been filed. However, the PX has not yet requested or justified an extension of time. Absent a justified request for an extension by the PX, we will dismiss Metropolitan's request.

## II. Compliance Filing in Docket No. ER99-1971-002

On July 2, 1999, as amended on August 6, 1999, the ISO submitted a compliance filing as directed in the May 26 Order. The initial filing sought to: (1) clarify the settlement process of the Rational Buyer procedures; (2) correct the formulae for determining the effective price for uninstructed deviations; (3) add a separate formula for the downward price component of regulation service; (4) clarify that Scheduling Coordinators may trade with resources outside the ISO control area; and (5) make a number of non-substantive tariff revisions the ISO committed to make in an earlier filing in this proceeding, *e.g.*, correcting misnumbered pages and supplying inadvertently omitted tariff sheets. The ISO did not submit any tariff revisions complying with our directive regarding the Buy back proposal.

Notices of the compliance filing and the amendment were published in the Federal Register, 64 Fed. Reg. 38,416 and 46,665 (1999), with interventions and protests due on or before September 9, 1999. Comments and/or protests were filed by Metropolitan, the Transmission Agency of Northern California (TANC), and Modesto

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Irrigation District (Modesto). Metropolitan, TANC and Modesto protested the initial compliance filing on the basis that it failed to amend the buy back provisions in accordance with the May 26 Order. In addition, Metropolitan commented that revisions meant to clarify two other provisions were either unclear or inconsistent with other tariff language.

The ISO's August 6 amendment responded to protests of its initial compliance filing and also revised the buy back provisions in response to the July Rehearing Order. The ISO explained that it had not submitted revisions in its initial compliance filing regarding the buy back proposal because of its pending request for rehearing. It stated that it believed the amended compliance filing addressed all the concerns raised by TANC, Modesto, and Metropolitan. Regarding Metropolitan's comments on other aspects of the initial compliance filing, the ISO asserted that none of the proposed corrections were necessary or appropriate.

Modesto commented on the ISO's amended compliance filing, objecting that the ISO still did not have the buy back provision correct. The ISO responded on September 24, 1999, arguing that its revisions were consistent with the May 26 Order.

### Discussion of the Compliance Filing

#### 1. Procedural Matters

Intervenors in the underlying orders continue to have party status regarding the compliance filing.<sup>15</sup> We will reject the ISO's September 24, 1999 answer to the extent that it represents an impermissible answer to a protest. See 18 C.F.R. § 385.213(a)(2) (1999).

#### 2. Rational Buyer Settlements

In the May 26 Order, the Commission agreed with Metropolitan that the tariff provision for the settlement of substitute Ancillary Services (termed "Rational Buyer proposal") was not clear, and we directed the ISO to add language to its tariff to clarify how the settlements are to be computed. The ISO has added new subsections to the tariff which expand on the calculation of settlements.

Metropolitan now states that the new subsections are unclear because the ISO would base the settlement on "proportionate share," which is not defined, and has given no indication of whether the purchases of Ancillary Services are summed across all zones or differentiated by zones where the zonal price differs. The ISO responds in its August 6 filing that the language in the tariff section establishes the basis for "proportionate

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share" and clarifies that any additional charges will be based on a comparison of payments to Scheduling Coordinators for all zones.

While the ISO has not separately defined "proportionate share," the provision makes clear that the term refers to the total purchases by a Scheduling Coordinator as compared to payments for the same ancillary service by all Scheduling Coordinators across all zones. Accordingly, we will accept this revision.

### 3. Price for Uninstructed Deviations

In Amendment No. 14, the ISO proposed to eliminate certain incentives for generators to act contrary to ISO dispatch instructions (e.g., producing energy from capacity committed to the Ancillary Services market without instruction from the ISO) by providing for the settlement of these uninstructed deviations at the weighted average of prices applicable to generators that complied with the dispatch instruction. The ISO termed this the "effective price." PG&E identified specific errors in the formulae implementing the effective price, and the ISO agreed to make these changes in a compliance filing.

The ISO has made the revisions to the formulae suggested by PG&E. However, Metropolitan suggests that one title and one descriptive sentence could be clearer if the ISO used language identical to that for the Settlement and Billing Protocol. Metropolitan requests that the Commission direct the ISO to revise the tariff language to be consistent with Settlement and Billing Protocol because the latter is less ambiguous.

As Metropolitan does not allege that the proposed language is confusing or misleading, and we find the ISO's language consistent with our prior order and adequately clear, we will reject this comment and accept the revised formulae as submitted by the ISO.

### 4. Buy Back Proposal

As explained above, the May 26 Order accepted the ISO's proposal to charge Scheduling Coordinators the hour-ahead market price for Ancillary Services capacity which they committed to self-supply in the day-ahead market but subsequently chose to withdraw before the hour-ahead market. The Commission rejected the buy back proposal as it applies to self-provided capacity that is subsequently withdrawn at the instruction of the ISO. In the July Rehearing Order, the Commission reaffirmed this decision stating that, if the ISO is unable to honor its commitment to take the Ancillary Services and directs the capacity to be withdrawn, the withdrawal should not occur on terms that disadvantage the Scheduling Coordinator.

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The ISO submitted in its August 6 filing revised tariff sheets which provide that the Ancillary Services buy-back proposal does not apply to Ancillary Services capacity self-provided by a Scheduling Coordinator withdrawn on the instructions of the ISO.

Modesto states that the tariff should be further revised to make clear that a Scheduling Coordinator is not required to buy back Ancillary Services, whether sold to the ISO or self-provided, where the scheduled service is reduced on the instruction of the ISO. The ISO answers that its filing fully complies with the May 26 Order, which only required the limiting of the buy-back proposal to self-provided capacity that is voluntarily withdrawn.

We find that the ISO has complied with the directive in the May 26 Order to limit the buy-back to self-provided capacity voluntarily withdrawn by a Scheduling Coordinator. Modesto's request for clarification technically is outside the scope of this compliance filing. Accordingly, we will accept the revisions submitted by the ISO for filing.

This approval regarding the buy back proposal applies only to our acceptance of the compliance filing in Docket No. ER99-1971-002. We recognize that our discussion of the rehearing requests above yields a different result. The compliance filing directed above will supersede the tariff sheets accepted here.

#### 5. Other Provisions

Finally, we will accept for filing the miscellaneous tariff revisions that the ISO submitted with its compliance filing, which it had committed to file in its Answer in the underlying proceeding. Metropolitan's objection that certain tariff modifications are inconsistent with proposed changes to the Ancillary Services Requirements Protocol is outside the scope of this compliance proceeding.

#### The Commission orders:

(A) The requests for rehearing and/or clarification are hereby granted in part, denied in part, and dismissed in part, as discussed in the body of this order.

(B) The ISO is hereby directed to submit a compliance filing as discussed in the body of this order within 30 days of the date of this order.

(C) The ISO's compliance filing in Docket No. ER99-1971-002 is hereby accepted for filing, as discussed in the body of this order.

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(D) The ISO is hereby informed that rate schedule designations will be supplied in a future order.

By the Commission.

( S E A L )

Linwood A. Watson, Jr.,  
Acting Secretary.

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<sup>1</sup>AES Redondo Beach, L.L.C., et al., 87 FERC ¶ 61,208 (May 26 Order), order on reh'g, 88 FERC ¶ 61,096 (1999) (July Rehearing Order).

<sup>2</sup>We denied rehearing in part in the July Rehearing Order.

<sup>3</sup>See California Independent System Operator Corporation, 84 FERC ¶ 61,046 (July 17, 1998 Order), order on reh'g, 85 FERC ¶ 61,123 (1998) (October 28, 1998 Order).

<sup>4</sup>October 28, 1998 Order at 61,463.

<sup>5</sup>California Independent System Operator Corporation, 89 FERC ¶ 61,169 (1999), reh'g pending (November 12 Order).

<sup>6</sup>The argument for equal treatment mirrors that made by Bonneville.

<sup>7</sup>See May 26 Order at 61,815.

<sup>8</sup>SoCal Edison at 26, citing the MMC Report of March 10, 1999 at 47.

<sup>9</sup>See California Independent System Operator Corporation, 83 FERC ¶ 61,209 (1998), reh'g pending (May 28, 1998 Order); California Independent System Operator Corporation, 86 FERC ¶ 61,059 (1999) (January 27, 1999 Order).

<sup>10</sup>May 28, 1998 Order at 61,923.

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<sup>11</sup>See October 28, 1998 Order at 61,463. We later recognized that similar concerns existed for the Imbalance Energy market and justified permitting the ISO to adopt a purchase price cap for Imbalance Energy as well. See January 27, 1999 Order at 61,201-202.

<sup>12</sup>See October 28, 1998 Order at 61,463; January 27, 1999 Order at 61,201-202. We later recognized that similar concerns existed for the Imbalance Energy market and justified permitting the ISO to adopt a purchase price cap for Imbalance Energy as well. See January 27, 1999 Order at 61,201-202.

<sup>13</sup>May 26 Order at 61,823.

<sup>14</sup>November 12 Order at 61,511.

<sup>15</sup>The California Electricity Oversight Board and Sacramento Municipal Utility District filed motions to intervene in Docket No. ER99-1971-002, raising no substantive issues. They already were parties to this proceeding by virtue of timely, unopposed motions to intervene filed in Docket No. ER99-1971-000. Accordingly, we need not address these motions.