

with a combustion turbine . . . will occur during 2010.” ^{2/} To the extent these statements imply that the ISO has already authorized Dynegy to retire the Facility in accordance with this schedule, the ISO clarifies that it has not yet granted such authorization.

Although there have been discussions about whether the Dynegy Facility will cease being required for local reliability at some point during 2010, the ISO has not made a determination that the Facility is not needed for local reliability purposes. To the contrary, the ISO determined that there is a continuing need for the Facility due to local reliability concerns during the 2010 RMR contract year. The ISO, therefore, extended the term of its RMR Agreement with Dynegy through 2010 in accordance with Section 2.1(b) of the RMR Agreement.

The ISO will reevaluate the need for the Facility beyond 2010 through its local capacity requirement study process. Continued operation of the Facility may be necessary to provide reliable service to the residents and businesses of San Diego and Chula Vista until the Sunrise Powerlink transmission line reaches commercial operation or new resources that are electrically equivalent to the South Bay units become available. The ISO continues to work with San Diego Gas & Electric to identify the potential resource options that would allow the Facility to retire before the Sunrise Powerlink transmission line becomes operational.

II. Conclusion

As stated above, the ISO does not oppose the City of Chula Vista’s Motion to Intervene Out-of-Time, but clarifies that it has not yet determined when Dynegy South

^{2/} *Id.* at 2.

Bay LLC will no longer be needed for local reliability and therefore be able to cease operations at the South Bay Generation Facility. Accordingly, the ISO respectfully renews its requests that the Commission rule that the rate schedules set forth in Dynegy's filing have not been shown to be just and reasonable, suspend the rate schedules subject to hearing, establish a refund date equal to the proposed effective date, January 1, 2010, and hold in abeyance all hearing or settlement judge procedures until January 31, 2010 to give the parties an opportunity to resolve the outstanding issues.

Respectfully submitted,

/s/ Mary Anne Sullivan

Mary Anne Sullivan
Samuel T. Walsh
Hogan & Hartson LLP
555 13th Street, N.W.
Washington, D.C. 20004

Counsel for
California Independent System
Operator Corporation

Dated: January 14, 2010

CERTIFICATE OF SERVICE

I hereby certify that I have this 14th day of January, 2010 caused to be served a copy of the forgoing Answer to Motion to Intervene Out-of-Time upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

/s/ Ruth M. Porter
Ruth M. Porter
Hogan & Hartson LLP
555 13th Street, N.W.
Washington, D.C. 20004

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