

126 FERC ¶ 61,289
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 30, 2009

In Reply Refer To:
California Independent System Operator
Corporation
Docket No. ER08-585-001

Christopher R. Jones
Alston & Bird, LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004

Reference: Grid Management Charge Compliance Filing

Dear Mr. Jones:

1. On January 21, 2009, you submitted, on behalf of the California Independent System Operator Corporation (CAISO), revised tariff sheets to comply with the directives of the Commission's December 2008 Order.¹ The Commission conditionally accepts the revised tariff sheets related to the CAISO's Grid Management Charge proposal to be effective on March 31, 2009, as requested, subject to a further compliance filing.
2. The CAISO states that the tariff revisions to its Market Redesign and Technology Upgrade (MRTU) Tariff restore language regarding load-following metered subsystems that it asserts was removed inadvertently.² The tariff revisions also add language clarifying that the Market Usage-Forward Energy charge will apply to energy in the day-ahead market as offset by physical inter-scheduling coordinator trades.³

¹ *California Independent System Operator Corp.*, 125 FERC ¶ 61,338 (2008) (December 2008 Order).

² MRTU Tariff, section 11.22.2.5.7.

³ MRTU Tariff, Appendix F, Schedule 1, Part A, P 7.

3. Notice of the CAISO's filing was published in the *Federal Register* with comments due on or before February 11, 2009.⁴ Comments were filed by the Northern California Power Agency (NCPA). On February 26, 2009, the CAISO filed an answer to NCPA's comments. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure⁵ prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept the CAISO's answer because it has provided information that assisted us in our decision-making process.

4. NCPA states that the CAISO's filed language provides that the rate for the day-ahead market for energy will be based on MWh of net energy purchases or sales in the day-ahead market as offset by MWh of net energy associated with physical trades in the day-ahead market. However, NCPA expresses concern that, while physical trades are only a subset of inter-scheduling coordinator energy trades, they are the only type being accounted for in the calculation of Market Usage-Forward Energy charges.

5. NCPA explains that scheduling coordinators are able to use both physical and financial inter-scheduling coordinator trades to transact with other market participants, and that those two types of trades are only differentiated by the point of settlement. NCPA argues that the CAISO has not explained sufficiently why physical inter-scheduling coordinator trades have been given different and preferential treatment over financial inter-scheduling coordinator trades. Therefore, NCPA requests that the CAISO modify its tariff language to state that the rate for the day-ahead market for energy will be based on MWh of net energy purchases or sales in the day-ahead market as offset by MWh of net energy associated with inter-scheduling coordinator trades of energy in the day-ahead market. Otherwise, NCPA requests that the Commission require the CAISO to explain why it is according disparate treatment to physical and financial inter-scheduling coordinator trades in the calculation of the Market Usage-Forward Energy Charge.

6. In its answer, the CAISO states that it has considered further the issue raised by NCPA and concluded that both types of inter-scheduling coordinator trades should be treated in the same manner upon implementation of MRTU. Thus, the CAISO proposes to submit a compliance filing with revised tariff language to address this change requested by NCPA.

7. The CAISO has complied with the Commission's directive to restore the load-following metered subsystem language that had been removed. With regard to the other directive, the CAISO did not provide justification for its disparate treatment of physical

⁴ 74 Fed. Reg. 6149 (2009).

⁵ 18 C.F.R. § 385.213(a)(2) (2008).

and financial inter-scheduling coordinator trades. However, we accept the CAISO's commitment in its answer to file revised tariff sheets to include language stating that both types of inter-scheduling coordinator trades will be treated in the same manner.

The Commission orders:

The CAISO's proposed tariff sheet revisions are hereby conditionally accepted, effective March 31, 2009, subject to the CAISO making a compliance filing within 30 days of the date of this order, as discussed in the body of this order.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

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