

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

<b>Pacific Gas and Electric Company</b>	) ) )	<b>Docket No. ER24-3087</b>
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**MOTION TO INTERVENE AND COMMENTS OF  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION**

The California Independent System Operator Corporation (“CAISO”) submits this motion to intervene and comments in response to the Amended and Extended Transmission Exchange Agreement (“Amended and Extended TEA”) filed by Pacific Gas and Electric Company (“PG&E”) in this proceeding.<sup>1</sup> The CAISO and the Western Area Power Administration (“WAPA”) are signatories to the Amended and Extended TEA. The CAISO fully supports approval of the Amended and Extended TEA as filed.

**I. Comments**

The Amended and Extended TEA will allow the seamless transition to an additional 20-year term of the current transmission service exchange agreement, which has served its purpose well. The Amended and Extended TEA will continue to provide significant benefit to a broad range of customers and optimize benefits available under the current agreement. Without the timely transition to the Amended and Extended TEA, the parties and their customers

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<sup>1</sup> The CAISO submits these comments pursuant to Rules 212 and 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.214.

could suffer more expensive and less reliable transmission service. PG&E would not have a right to capacity on WAPA's transmission system and WAPA would not have a right to capacity on PG&E's transmission system, forcing customers to separately obtain and pay for transmission service on the two systems.

Approval of the Amended and Extended TEA will avoid substantial, adverse operational impacts and other commercial impacts, including removal of facilities from the CAISO's operational control, pancaked rates and increased transmission costs, and changes to the boundary and operational coordination of the CAISO's Balancing Authority Area.<sup>2</sup>

The parties agreed upon several enhancements to the terms of the original agreement. The CAISO's comments offer a deeper understanding of two of the modifications. The first modification concerns an agreed-upon capacity adjustment. The Amended and Extended TEA provides WAPA with 200 MW of capacity to the PG&E default load aggregation point (DLAP) and 154 MW of capacity from generation within the PG&E DLAP or PG&E Service Area.

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<sup>2</sup> These same concerns and benefits supported Commission acceptance of the original transmission service exchange agreement and apply here too. See *Pac. Gas & Elec. Co.*, 109 FERC ¶ 61,255, at PP 49-50 (2004) ("The Transmission Exchange Agreement is a unique agreement which is beneficial to all parties and, thus, we will accept the Transmission Exchange Agreement."). The order expounded upon the various benefits, explaining "approval of the Transmission Exchange Agreement would eliminate the requirement for transmission customers to pay pancaked rates for transmission service. Without the Transmission Exchange Agreement . . . the 400 MW of capacity over the Pacific Intertie would become part of the CAISO controlled grid and would become available under the CAISO Tariff, while the 1,200 MW of capacity from Malin to Round Mountain would be under [WAPA]'s control and become available to customers under [WAPA]'s reciprocal open access tariff. Accordingly, CAISO customers would pay [WAPA] a rate for transmission service between southern Oregon and northern California, in addition to the CAISO rates for transmission service within California. Similarly, the [WAPA] customers would pay rates for service across two systems." *Id.* at P 54. The order also concluded that the exchange "enhance[s] reliability resulting from seamless operation of parallel operating systems" and "allows the CAISO continued access to this important capacity and vital link to the Pacific Northwest." *Id.* at PP 53, 55.

Schedules to the PG&E DLAP will source from the Malin, Round Mountain, Cottonwood or Tracy substations and will sink at the PG&E DLAP. Schedules from the PG&E DLAP will source from a generating unit interconnection within PG&E's Service Area and will sink at the Malin, Round Mountain, Cottonwood or Tracy substations. The CAISO will provide the additional transmission service necessary to support this exchange in accordance with the agreement.

The CAISO accepted this transmission service responsibility because it allows WAPA to more effectively and efficiently serve its customer loads located in the CAISO Balancing Authority Area. The market clearing price at the PG&E DLAP represents all load pricing locations within the PG&E DLAP that may be associated with a WAPA customer. A single sink location is the best way for the CAISO to model and manage all of the schedules necessary for WAPA to serve its customers. Similarly, WAPA schedules from the PG&E DLAP can be modeled and managed by the CAISO because they will be sourced from a generating unit and will sink at a predetermined and static number of intertie locations.

This transmission service is unique to this exchange between PG&E and WAPA. The CAISO agreed to provide this service with the understanding that this approach does not apply to other transmission ownership rights or other exchange arrangements unless specifically agreed to by the CAISO.

The second modification concerns WAPA's unneeded excess capacity. Under the original exchange agreement, the CAISO intended to provide a mechanism for WAPA to sell its excess capacity. With the Amended and

Extended TEA, the CAISO and WAPA crafted a mutually agreeable solution requiring the CAISO to develop software and implement processes that allow potential purchasers of WAPA excess capacity to pre-register their market IDs with the CAISO. Through the provision of a contract reference number for WAPA's transmission ownership rights, the purchaser will be able to participate in the CAISO market and settle in the same manner as if WAPA had used the capacity. This new solution allows the CAISO to honor any unscheduled capacity acquired by WAPA customers on WAPA's Open Access Same-Time Information System.

The CAISO, PG&E, and WAPA have spent considerable time negotiating fair terms and conditions that represent the best interests of the parties and their customers. Furthermore, approval of the agreement will avoid unnecessary and costly litigation as well as regulatory uncertainty. Many transmission customers rely on the critical service provided under the Amended and Extended TEA. To preserve the benefits of the original exchange agreement and avoid adverse consequences, the Commission should accept the Amended and Extended TEA as filed.

## **II. Motion to Intervene**

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California with its principal place of business at 250 Outcropping Way, Folsom, California 95630. The CAISO is a Balancing Authority and Transmission Operator responsible for the reliable operation of the electric grid consisting of the transmission systems of a number of utilities,

including PG&E, as well as the coordination of day-ahead and real-time energy and ancillary services markets. The CAISO is a party to the Amended and Extended TEA. Because no other party can adequately represent the CAISO's interests in the proceeding, the CAISO's intervention is in the public interest and should be granted.

### **III. Communications**

In accordance with Rule 203(b)(3) of the Commission's Rules of Practice and Procedure, the CAISO respectfully requests that service of all pleadings, documents, and all communications regarding this proceeding be addressed to these individuals:

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### **IV. Conclusion**

The Commission should accept the Amended and Extended TEA between the CAISO, PG&E, and WAPA. The Amended and Extended TEA will benefit

transmission customers by allowing the seamless transition to an additional 20-year term of the current transmission service exchange agreement.

**/s/ Marissa Nava**

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Dated: October 11, 2024

### **CERTIFICATE OF SERVICE**

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 11th day of October, 2024.

/s/ Ariana Rebancos

Ariana Rebancos

An employee of the California ISO