UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation	)))	**Docket No. ER07-805-002**
CAISO-WECC Billing Services Agreement	))	**Docket No. ER07-1304-000**

ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION TO MOTIONS TO INTERVENE, COMMENTS, AND PROTEST

On April 27, 2007, the California Independent System Operator Corporation ("CAISO") submitted an amendment to the ISO Tariff (the "NERC/WECC Charge Invoicing Amendment") in the captioned proceeding.[1] In the NERC/WECC Charge Invoicing Amendment, the CAISO proposed revisions to the ISO Tariff to provide for the CAISO's invoicing of certain Commission-approved charges assessed by the Western Electricity Coordinating Council ("WECC") to the CAISO, on behalf of load-serving entities in the CAISO's Control Area, to provide funding for functions performed by the North American Electric Reliability Corporation ("NERC"), WECC, and regional advisory bodies that serve WECC pursuant to Section 215 of the Federal Power Act ("FPA"). On June 25, 2007, the Commission issued an order conditionally accepting the NERC/WECC Charge Invoicing Amendment and requiring the CAISO to submit a compliance filing.[2]

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[1] Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

[2] *California Independent System Operator Corp.*, 119 FERC ¶ 61,316, at Ordering Paragraphs (A) and (B) (2007) ("June 25 Order").

On July 25, 2007, the CAISO filed a request for clarification or, in the alternative, rehearing of the June 25 Order ("Clarification/Rehearing Request") on directives therein relating to the process and timeline for invoicing and collecting NERC/WECC Charges. On August 24, 2007, the CAISO submitted revisions to the ISO Tariff to comply with the June 25 Order ("August 24 Filing"). The CAISO also requested that, to the extent the Commission concluded that any Tariff revisions in the August 24 Filing went beyond compliance with the June 25 Order, the Commission should treat those changes as proposed Tariff revisions pursuant to Section 205 of the Federal Power Act ("FPA").[3] Further, the August 24 Filing included the related Billing Services Agreement between the CAISO and the WECC. The Commission established a September 14, 2007 comment date regarding the August 24 Filing. In response, several parties submitted motions to intervene.[4] Also, SWP filed comments and SVP submitted a protest.

The CAISO does not object to any party's motion to intervene. However, pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213, the CAISO files its answer to SWP's comments, and pursuant to Rules 212 and 213 of the Commission's Rules, 18 C.F.R. §§ 385.212, 385.213, the CAISO respectfully requests leave to file an answer, and files its

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[3] In this regard, as discussed in Section I.B below, the CAISO notes that the Commission noticed the August 24 Filing under the existing ER07-805 docket and also under a new docket, Docket No. ER07-1304.

[4] Motions to intervene were submitted by the following parties: the California Department of Water Resources State Water Project ("SWP"); California Electricity Oversight Board; Modesto Irrigation District; and M-S-R Public Power Agency ("M-S-R") and the City of Santa Clara, California, doing business as Silicon Valley Power ("SVP") (jointly, "SVP/M-S-R").

answer, to SVP's protest.[5] For the reasons explained below, the Commission should accept the August 24 Filing without modification, except as described herein.

I. ANSWER

A. The Allocation of Unaccounted for Energy Described in the Revised Definition of NERC/WECC Metered Demand Is Consistent with Section 11.2.4.3 of the ISO Tariff.

SWP explains that its "understanding from discussions with the CAISO, as well as the CAISO's spreadsheets explaining [the] NERC/WECC cost allocation [that the CAISO has performed], is that the CAISO does *not* actually intend to socialize UFE [Unaccounted for Energy] *pro rata* beyond the applicable utility Service Area for purposes of allocating the NERC/WECC charges."[6] Despite assurances provided by the CAISO, including examples which demonstrate that the CAISO will not socialize UFE pro rata beyond the applicable utility Service Area, as well as the fact that CAISO's actual calculation of NERC/WECC Metered Demand provided to each Scheduling Coordinator is not based on such a socialization of UFE, SWP nevertheless argues that the last sentence of the definition of NERC/WECC Metered Demand, as revised by the August 24 Filing, "leaves the impression" that the CAISO will socialize UFE costs in such a

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5 The CAISO requests waiver of Rule 213(a)(2), 18 C.F.R. § 385.213(a)(2), to permit it to make an answer to the protest. Good cause for this waiver exists here because the answer will aid the Commission in understanding the issues in the proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in this case. *See, e.g., Entergy Services, Inc.*, 116 FERC ¶ 61,286, at P 6 (2006); *Midwest Independent Transmission System Operator, Inc.*, 116 FERC ¶ 61,124, at P 11 (2006); *High Island Offshore System, L.L.C.*, 113 FERC ¶ 61,202, at P 8 (2005).

6 SWP at 5 (emphasis in original).

manner, in violation of Section 11.2.4.3 of the ISO Tariff.[7] Therefore, SWP requests that the last sentence of that definition be deleted or, alternatively, that the CAISO incorporate SWP's proposed concept of "Gross Demand" into the ISO Tariff.[8]

The understanding that SWP explains it has gleaned from the CAISO is correct: the CAISO will allocate UFE consistent with Section 11.2.4.3 of the ISO Tariff. Indeed, the fact that UFE is calculated on a utility Service Area basis is established in the definition of "Unaccounted for Energy (UFE)" in Appendix A to the ISO Tariff:

> UFE is the difference in Energy, *for each utility Service Area* and Settlement Period, between the net Energy delivered into the utility Service Area, adjusted for utility Service Area Transmission Losses (calculated in accordance with Section 27.2.1.2), and the total metered Demand within the utility Service Area adjusted for distribution losses using Distribution System loss factors approved by the Local Regulatory Authority. This difference is attributable to meter measurement errors, power flow modeling errors, energy theft, statistical Load profile errors, and distribution loss deviations.

(Emphasis added.) This definition is consistent with, and mirrors, Section 11.2.4.3. The use of the capitalized term UFE in the revised definition of NERC/WECC Metered Demand necessarily must incorporate the definition of UFE as set forth in the ISO Tariff, just as the use of any capitalized term in the ISO Tariff incorporates the definition of such term. Accordingly, UFE as used in the definition of NERC/WECC Metered Demand necessarily must be calculated

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7 *Id.* at 4.

8 *Id.* at 7.

in accordance with the Tariff (*i.e.,* by applicable utility Service Area); otherwise, the CAISO could not have used the capitalized defined term.

Thus, where the last sentence of the definition states that UFE "allocable to net metered CAISO Demand will be allocated pro rata to each Scheduling Coordinator based on the Scheduling Coordinator's net metered CAISO Demand," it is plain that UFE will not be allocated in violation of the definition of UFE or in violation of Section 11.2.4.3. The fact that SWP is the only party that finds any ambiguity in the definition suggests that all of the other parties already understand this. Further, the last sentence of the definition makes it clear that the CAISO will allocate UFE based on each Scheduling Coordinator's *net* metered CAISO Demand, as required by the June 25 Order.[9] If the CAISO were to delete that last sentence, as SWP proposes, UFE would be allocated to metered Demand, without any specific reference in the ISO Tariff to net metering,[10] and thus the CAISO would arguably be out of compliance with the requirements of the June 25 Order.

SWP also ignores the important fact that even though UFE is being calculated in accordance with the ISO Tariff, the UFE number that is calculated

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9 "CAISO should revise its definition of NERC/WECC Metered Demand to reflect its clarification that its definition includes the concept of netting energy delivered to and received from other balancing authority areas through interchange. . . . Unaccounted for Energy, as it is defined in the ISO Tariff, should be included in the definition of NERC/WECC Metered Demand, either through the creation of the term 'Gross Demand' or by adding Unaccounted for Energy directly into the definition of NERC/WECC Metered Demand." June 25 Order at PP 23, 25. The CAISO has chosen the latter option of adding UFE directly into the definition of NERC/WECC Metered Demand.

10 *See* ISO Tariff, Section 11.2.4.3 ("UFE . . . will be allocated to each Scheduling Coordinator based on the ratio of their metered Demand (including exports to neighboring Control Areas) within the relevant utility Service Area to total metered Demand within the utility Service Area").

under Section 11.2.4.3 must be reduced for purposes of determining the appropriate level of NERC/WECC Metered Demand for each Scheduling Coordinator. In that regard, the UFE that is calculated under Section 11.2.4.3 includes UFE allocated to exports, Station Power, and pumped storage quantities. However, as required by the Commission, NERC/WECC Metered Demand must *exclude* exports, as well as Station Power, and pumped storage load.[11] Thus, the UFE number that is used for purposes of determining NERC/WECC Metered Demand must exclude UFE allocated to exports, Station Power, and pumped storage load. That is achieved by the last sentence in the definition of NERC/WECC Metered Demand, which provides that UFE numbers for each Scheduling Coordinator will be based on their net metered CAISO Demand, *i.e.,* the UFE number that is calculated pursuant to Section 11.2.4.3, and will be reduced *pro rata* by the percentage of exports, Station Power, and pumped storage load compared to the total net metered Demand quantity. Absent this provision, the CAISO would be using a UFE number that reflects allocation to exports and Station Power and pumped storage load, which would be inconsistent with the Commission's directives.

For the foregoing reasons, the Commission should reject SWP's proposed language revisions.[12] Notwithstanding the CAISO's belief that there is no need to modify the definition of NERC/WECC Metered Demand further, if the

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[11] *See* June 25 Order at PP 13, 24.

[12] The Commission should also reject SWP's proposal that the CAISO incorporate the concept of "Gross Demand" into the ISO Tariff. As explained in footnote 8, above, the Commission gave the CAISO the choice of either creating the term "Gross Demand" or adding UFE directly into the definition of NERC/WECC Metered Demand, and the CAISO has chosen the latter.

Commission finds that further clarification of the definition is appropriate, the CAISO would not object to expressly stating in the definition that UFE allocable to net metered CAISO Demand will be allocated pro rata to each Scheduling Coordinator consistent with Section 11.2.4.3, based on the Scheduling Coordinator's net metered CAISO Demand.

In addition, the CAISO notes that, in the August 24 Filing, it inadvertently did not include the word "net" immediately prior to the phrase "metered CAISO Demand" at the end of the first sentence of the definition of NERC/WECC Metered Demand. The CAISO would propose to add the missing word "net" either in a further compliance filing ordered by the Commission in this proceeding or in a future filing submitted by the CAISO pursuant to Section 205 of the FPA.

SWP also incorrectly asserts that the term CAISO Demand, which is used in the definition of NERC/WECC Metered Demand, is not defined in the current ISO Tariff.[13] In the NERC/WECC Charge Invoicing Amendment, the CAISO explained that it proposed to include in its current Tariff the same definition of CAISO Demand that the Commission had accepted for inclusion in the CAISO's Market Redesign and Technology Upgrade ("MRTU") tariff.[14] The Commission accepted this definition in the June 25 Order[15] and it is reflected in the version of

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13 SWP at 7 n.13.

14 NERC/WECC Charge Invoicing Amendment, Transmittal Letter at 7, and Attachments A and B (at Appendix A to the ISO Tariff, definition of "CAISO Demand"). SWP incorrectly states that MRTU stands for Market Redesign and Technology Up*date*. SWP at 7 n.13.

15 *See* June 25 Order at P 21, Ordering Paragraph (A).

the ISO Tariff that was posted on the CAISO Website prior to when SWP submitted its comments in the instant proceeding.[16]

B. The CAISO Revisions to the Process and Timeline for Invoicing and Collecting NERC/WECC Charges Are Procedurally Correct, Practicable, and Necessary to Reflect the Commission's Directives in the June 25 Order.

SVP argues that the CAISO's proposal to amend the process and timeline for invoicing and collecting NERC/WECC Charges should be rejected on both procedural and substantive grounds.[17] SVP's arguments are without merit.

Contrary to SVP's assertions, the CAISO has followed correct procedures in making its proposal to amend the NERC/WECC Charge invoicing and collection process. As SVP acknowledges,[18] the CAISO filed its Clarification/Rehearing Request to seek clarification that it could modify its process for invoicing and collecting NERC/WECC Charges in light of directives in the June 25 Order, including the directive that the CAISO must transfer to the WECC the NERC/WECC Charges the CAISO has collected in time to allow the WECC to forward the payments to NERC by January 2 of each year. The CAISO also stated in the Clarification/Rehearing Filing that its compliance filing would include the modified process for invoicing and collecting NERC/WECC Charges.[19] In the August 24 Filing, the CAISO described the modifications to the process in detail and requested that, to the extent the Commission determines

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16 *See* http://www.caiso.com/1c57/1c57d26545590.pdf (Fifth Revised Sheet No. 485).

17 SVP at 8-10.

18 *Id.* at 8-9.

19 Clarification/Rehearing Request at 9-10.

that any portion of the August 24 Filing constitutes a submittal made pursuant to Section 205 of the FPA, the Commission approve that portion of the August 24 Filing pursuant to Section 205.[20] The Commission has previously accepted compliance filings in similar circumstances.[21] In this instance, the Commission has noticed the CAISO's August 24 Filing in two dockets – the existing docket in which the original NERC/WECC Charge Invoicing Amendment was filed and a new docket. This new docket presumably applies to any portion of the August 24 Filing that the Commission treats as a Section 205 submittal. Therefore, the CAISO's modified proposal is neither a collateral attack on the June 25 Order nor an improper compliance filing, as SVP contends.

Moreover, SVP does not object to the fundamental change to the NERC/WECC Charge invoicing and collection process which the CAISO proposed in the August 24 Filing, *i.e.,* the elimination of preliminary invoices for NERC/WECC Charges. As the CAISO explained in the Clarification/Rehearing Request, in a stakeholder conference call held prior to submission of the August 24 Filing, and in the August 24 Filing itself, certain directives in the June 25 Order were inconsistent with the CAISO's objectives in initially favoring the preliminary invoice approach and the CAISO was now proposing to eliminate the preliminary

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20 August 24 Filing, Transmittal Letter at 1, 6-9. *Inter alia*, in the August 24 Filing (and the Clarification/Rehearing Request), the CAISO proposed to implement the use of a single, final annual invoice for the year 2008 and thereafter, rather than the use of a preliminary invoice followed by a final annual invoice for 2008 and quarterly preliminary invoices followed by a final annual invoice for 2009 and thereafter. *Id.* at 2-7.

21 *See California Independent System Operator Corp.*, 119 FERC ¶ 61,053 (2007) (accepting CAISO filings submitted in compliance with previous Commission order or, alternatively, pursuant to Section 205 of the FPA).

invoicing approach.[22] *Neither SVP nor any other party* objected to the elimination of preliminary invoices for NERC/WECC Charges either in the CAISO stakeholder process or in response to the August 24 Filing.

Instead, SVP objects to a timing change which is necessitated by two deadlines approved by the Commission in its June 25 Order. SVP criticizes the CAISO's proposal to modify Section 11.2.19.4 (formerly Section 11.2.19.5) of the ISO Tariff to shorten, from thirty (30) Calendar Days to fifteen (15) Business Days, the time period for Scheduling Coordinators to make payments to the CAISO pursuant to NERC/WECC Charge Invoices the CAISO has sent to them.[23] SVP is the only party that objects to this revised time period.

SVP ignores the fact that shortening the time period for Scheduling Coordinators to make payments to the CAISO pursuant to NERC/WECC Charge Invoices is irrefutably necessary to permit the CAISO to provide timely payment to the WECC in accordance with the June 25 Order. In that regard, the WECC is required to issue its invoice for NERC/WECC Charges to the CAISO by November 15 of each year, and the CAISO is required by the June 25 Order to transfer to the WECC, prior to January 2 of the following year, the payments the

[22] *See* August 24 Filing, Transmittal Letter at 3-4, 5. Specifically, the Commission's directives were inconsistent with the CAISO's objectives of allocating projected NERC/WECC Charges to Scheduling Coordinators as soon as possible after the transactions which are the basis for the WECC's allocation of NERC/WECC Charges and minimizing, to the extent possible, the potential that the Scheduling Coordinators representing certain NERC/WECC Metered Demand might no longer be active in the CAISO markets at the time the CAISO allocated NERC/WECC Charges. Clarification/Rehearing Request at 5-6; August 24 Filing, Transmittal Letter at 3-4.

[23] SVP at 9-10.

CAISO has collected from Scheduling Coordinators.[24] After the CAISO receives the invoice from the WECC on November 15, it must have time to prepare and issue the NERC/WECC Charge Invoices. In order to accommodate the shortened deadline established in the June 25 Order for remitting NERC/WECC Charges to the WECC, the CAISO proposed, in the August 24 Filing, to modify Section 11.2.19.3(d) (formerly Section 11.2.19.3(f)) of the ISO Tariff to give itself fifteen Business Days to issue NERC/WECC Charge Invoices to Scheduling Coordinators.[25] Thus, the CAISO will issue NERC/WECC Charge Invoices by early December of each year. *By that time there will be fewer than thirty Calendar Days prior to the following January 2*. Since January 2 is the date by which the WECC must remit payments to NERC, the CAISO necessarily must transfer the payments to the WECC before that date. The CAISO's proposal to shorten the time period for Scheduling Coordinators to make payments to the CAISO to fifteen Business Days recognizes this reality of the calendar. SVP's proposal to retain a thirty Calendar Day payment period does not.

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[24] June 25 Order at PP 33, 36. *See also* August 24 Filing, Transmittal Letter at 8. The original NERC/WECC Charge Invoicing Amendment did not require the CAISO to pay the WECC prior to January 2 of each year and, in fact, contemplated a process that could have resulted in paying the WECC well after that date. *See* NERC/WECC Charge Invoicing Amendment, Transmittal Letter at 9-10. As a result of the Commission's directive that the CAISO pay the WECC prior to January 2, the CAISO had to revise its invoicing process, which required shortening the amount of time that Scheduling Coordinators have to remit their payments to the CAISO.

[25] *See* August 24 Filing, Transmittal Letter at 7. The CAISO had originally proposed in the NERC/WECC Charge Invoicing Amendment to give itself thirty Calendar Days to issue the NERC/WECC Charge Invoices. *Id.* Thus, the timelines for completing both the CAISO's and Scheduling Coordinators' obligations under the ISO Tariff have been reduced from 30 Calendar Days to 15 Business Days. Stated differently, the CAISO did not make up any time deficit solely by reducing the amount of time that Scheduling Coordinators have to remit payment to the CAISO; the CAISO also reduced the amount of time that it has to issue invoices by the same number of days.

Moreover, the CAISO's obligation under the June 25 Order to transfer to the WECC the NERC/WECC Charges the CAISO has collected in time to allow the WECC to forward the payments to NERC by January 2 of each year is not conditioned upon the WECC issuing an invoice to the CAISO by November 15. In 2006, for example, the CAISO received the WECC's invoice on December 14.[26] If the WECC were to issue an invoice to the CAISO subsequent to November 15 in 2007 or in a future year, the CAISO would be under even greater time pressure to issue invoices for NERC/WECC Charges, collect payments, and transfer the payments to the WECC prior to January 2.

There is no merit to SVP's argument that a fifteen Business Day payment period will be insufficient to allow Scheduling Coordinators to notify load-serving entities ("LSEs") of their respective allocations based on the NERC/WECC Charge Invoices and for LSEs to review the invoices, dispute (if necessary) the CAISO's calculations reflected in those invoices, and pay those amounts.[27]

SVP fails to recognize that the allocation of NERC/WECC Charges is based on the CAISO's calculation of NERC/WECC Metered Demand, and LSEs will have ample time to dispute this calculation. The CAISO is required to notify each Scheduling Coordinator in writing of its individual NERC/WECC Metered Demand.[28] On a going-forward basis, the CAISO expects to provide this notification of NERC/WECC Metered Demand in the spring of each year, starting

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[26] *See* NERC/WECC Charge Invoicing Amendment at Attachment C (containing WECC invoice dated December 14, 2006).

[27] SVP at 9-10.

[28] ISO Tariff, Section 11.2.19.3(a).

in April 2008.[29] As required by paragraph 47 of the June 25 Order, each Scheduling Coordinator then has sixty (60) Calendar Days to raise any disputes concerning the CAISO's calculation of NERC/WECC Metered Demand.[30] As the Commission recognized, "[NERC/WECC] Metered Demand appears to be the issue which has the most potential for disputes over calculation and assessment, so it is essential that enough time is given to the various entities involved to ensure its accuracy."[31] Any disputes concerning the calculation of NERC/WECC Metered Demand will most likely be resolved months before the CAISO uses each Scheduling Coordinator's NERC/WECC Metered Demand to calculate the NERC/WECC Charges to be invoiced to that Scheduling Coordinator.

Once any disputes concerning the calculation of NERC/WECC Metered Demand have been resolved, a Scheduling Coordinator's share of NERC/WECC Charges in the NERC/WECC Charge Invoice is determined through a straightforward calculation allocating the total charges invoiced by the WECC based on each Scheduling Coordinator's percentage of the total NERC/WECC Metered Demand of all Scheduling Coordinators. For this reason the only permissible grounds for disputing a NERC/WECC Charge Invoice is that the invoice contains a typographical or other ministerial error. Under the ISO Tariff, notice of any dispute of a NERC/WECC Charge Invoice must be provided to the CAISO within ten (10) Calendar Days of issuance, and the NERC/WECC Charge

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29 *See* August 24 Filing at Attachment C (market notice issued July 20, 2007).

30 ISO Tariff, Section 11.2.19.3(a).

31 June 25 Order at P 47.

Invoice must be timely paid regardless of whether it is being disputed.[32] In the June 25 Order, the Commission found that "ten days is a sufficient period of time for the Scheduling Coordinator to protest issues related to . . . NERC/WECC Charge Invoices."[33] This ten Calendar Day dispute period will necessarily end prior to the close of the proposed fifteen Business Day time period for payment to the CAISO pursuant to NERC/WECC Charge Invoices. Therefore, in accordance with the June 25 Order, Scheduling Coordinators are already required to notify LSEs of their respective allocations, and LSEs are required to review and dispute any errors in those invoices through their Scheduling Coordinators, well before the end of the proposed fifteen Business Day payment period.

In the June 25 Order, the Commission considered and rejected SVP/M-S-R's argument that "ten days is too short a time . . . to coordinate with its LSEs about the accuracy of the Invoices."[34] SVP is simply rehashing that argument here with regard to the proposed fifteen Business Day payment period[35] – a payment period which, as explained above, is necessarily longer than the ten Calendar Day dispute period. SVP/M-S-R did not seek rehearing of the June 25

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32 ISO Tariff, Section 11.2.19.6.3 (formerly Section 11.2.19.7.3). If the CAISO determines that a disputed NERC/WECC Charge Invoice contains a typographical or other ministerial error and the resolution of the dispute makes correction necessary, the CAISO will issue a corrected NERC/WECC Charge Invoice within fifteen Calendar Days of issuance of the invoice that is being corrected. *Id.*

33 June 25 Order at P 47. In contrast to the Commission's approval of the ten Calendar Day dispute period regarding NERC/WECC Charge Invoices, the Commission directed the CAISO to provide Scheduling Coordinators with sixty Calendar Days to raise any disputes concerning the CAISO's calculation of NERC/WECC Metered Demand. *Id.*

34 *Id.* at PP 42, 47.

35 Compare pages 9-10 of SVP's protest of the August 24 Filing with page 8 of SVP/M-S-R's protest of the NERC/WECC Charge Invoicing Amendment (filed May 18, 2007).

Order. Therefore, in addition to its other deficiencies (described above), SVP's argument constitutes a collateral attack on the June 25 Order which the Commission should reject.[36]

Lastly, as the CAISO explained in the August 24 Filing and as SVP acknowledges, each Scheduling Coordinator (and each LSE represented by a Scheduling Coordinator) will have the tools available to estimate, with a reasonable degree of accuracy, the final NERC/WECC Charge assessment that will be invoiced to that Scheduling Coordinator in advance of the date NERC/WECC Charge Invoices are issued.[37] In fact, as explained above, each Scheduling Coordinator will know the CAISO's calculation of its NERC/WECC Metered Demand many months before the invoices are issued. On or before the date the CAISO notifies each Scheduling Coordinator in writing of its individual NERC/WECC Metered Demand, the CAISO also is required to issue a market notice that includes the total of all Scheduling Coordinators' NERC/WECC Metered Demand.[38] Each Scheduling Coordinator therefore has information that allows each LSE to determine its percentage share of the total NERC/WECC Charges invoiced to the CAISO.

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36 *See, e.g., Entergy Services, Inc.*, 119 FERC ¶ 61,187, at P 10 (2007); *Northeast Utilities Service Company and Select Energy, Inc. v. ISO New England Inc. and New England Power Pool*, 105 FERC ¶ 61,122, at P 18 n.44 (2003); *California Independent System Operator Corp.*, 104 ¶ FERC 61,128, at PP 12-13 (2003).

37 SVP at 9 (citing August 24 Filing, Transmittal Letter at 8 n.18).

38 ISO Tariff, Section 11.2.19.3(a). Although it is true that individual Scheduling Coordinators may dispute the amounts of NERC/WECC Metered Demand allocated to them, and thus that the total of all Scheduling Coordinators' NERC/WECC Metered Demand may change due to disputes, the CAISO expects that any change to that total will be relatively small. Therefore, the effect of any change to the total of all Scheduling Coordinators' NERC/WECC Metered Demand on the calculation of the NERC/WECC Charge Rate will also be relatively small.

A Scheduling Coordinator will also have information that will allow it to estimate the total NERC/WECC Charges to be invoiced to the CAISO. The Commission's regulations require NERC to file its proposed annual budget (including the proposed annual budget for the WECC) in sufficient detail to justify the requested funding collection and budget expenditures at least 130 days prior to the start of NERC's fiscal year.[39] NERC's fiscal year begins on or about January 1 of each year,[40] so NERC is required to submit the proposed annual budget by late August of the preceding year. Thus, in late August, each Scheduling Coordinator can calculate what the sum of all the NERC/WECC Charges invoiced by the WECC to the CAISO can be expected to be, by multiplying the proposed amount budgeted for the WECC by the percentage of net energy for load that the WECC has assigned in past years to the CAISO Control Area relative to the other Control Areas in the Western Interconnection.[41]

In sum, by doing the calculations described above, each Scheduling Coordinator should be able to estimate the amount of NERC/WECC Charges it will be invoiced months before the CAISO issues NERC/WECC Charge Invoices.

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39 *See* 18 C.F.R. Section 39.4(b) (2007).

40 *See North American Electric Reliability Corp.*, 116 FERC ¶ 61,062, at P 192 (2006).

41 *See* NERC/WECC Charge Invoicing Amendment at Attachment C (showing that the percentage of net energy for load for 2007 assigned to the CAISO Control Area was 28.15% and the percentage assigned to the other Control Areas in the Western Interconnection was 71.85%).

II. CONCLUSION

For the reasons explained above, the Commission should accept the August 24 Filing without modification, except as described herein.

Respectfully submitted,

<u>*/s/ Sean A. Atkins*</u>

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Dated: October 1, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists 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 1st day of October, 2007.

/s/ Anthony J. Ivancovich
Anthony J. Ivancovich