

101 FERC ¶ 61,065
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, Linda Breathitt,
and Nora Mead Brownell.

California Independent System
Operator Corporation

Docket No. ER02-2489-000

ORDER ACCEPTING CONTRACT REVISIONS,
SUBJECT TO MODIFICATION

(Issued October 21, 2002)

1. In this order we accept for filing revisions proposed by California Independent System Operator Corporation (California ISO) to Appendix A of the Responsible Participating Transmission Owner Agreement (RPTO Agreement) between the California ISO and Pacific Gas and Electric Company (PG&E), subject to the modification discussed below.
2. This action benefits customers because it clarifies the contract revisions that must be made when there is a change in Scheduling Coordinators.

Background

3. This RPTO Agreement enables PG&E, the RPTO, and California ISO to implement Sections 2.4.3 Existing Contracts for Transmission Service and 2.4.4 ISO Administration of Existing Contracts for Transmission Service of the California ISO Tariff and the Tariff Protocols as they relate to Existing Contracts¹ for which PG&E will

¹Existing Contracts are the contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time. See Master Definition Supplement, Appendix A to California ISO Tariff and Section 1.2 of the RPTO Agreement.

act as the Scheduling Coordinator and which are identified in Appendix A of the RPTO Agreement.²

4. In the instant filing, Sacramento Municipal Utility District (SMUD) and Destec Power Services are Existing Rightholders³ whose Existing Contracts were listed under Appendix A prior to the proposed revisions.

Instant Filing

5. On August 22, 2002, California ISO filed revisions to Appendix A to the RPTO Agreement to: (1) remove two previously terminated SMUD transmission agreements⁴, (2) remove four remaining SMUD existing agreements to reflect that, effective with the date of operation of the SMUD Control Area (June 18, 2002), PG&E will no longer act as SMUD's Scheduling Coordinator, (3) remove a terminated agreement between PG&E and Destec Power Services, and (4) note PG&E's resumption as the Scheduling Coordinator for certain PG&E-Western Area Power Administration existing contracts following the cessation of operations by the California Power Exchange.

6. California ISO requests waiver of the Commission's 60-day prior notice requirement to permit these revisions to be effective June 18, 2002, the date that SMUD became a Control Area Operator. In support of this waiver, California ISO notes that it did not receive adequate prior notice from PG&E under the RPTO Agreement's notice provisions.⁵ However in order to accommodate the requested revisions, California ISO granted PG&E's requested waivers.

²See Section 1.2 of the RPTO Agreement.

³SMUD is an Existing Rightholder as it purchases transmission service from PG&E pursuant to a number of agreements on file with the Commission that pre-date the ISO operation date.

⁴PG&E's cancellation of Rate Schedule FERC No. 176 was accepted for filing by letter order dated January 20, 1999 in Docket No. ER99-925-000 and PG&E's cancellation of Rate Schedule FERC No. 138 was accepted by letter order dated December 12, 1999 in Docket No. ER00-418-000.

⁵Sections 2.4 and 2.6 of the RPTO Agreement.

Notice of Filing, Interventions and Protests

7. Notice of the filing was published in the Federal Register, 67 Fed. Reg. 56,543 (2002), with interventions, comments or protests due on or before September 12, 2002. Modesto Irrigation District, PG&E, City of Santa Clara, California and Transmission Agency of Northern California filed timely motions to intervene.

8. SMUD filed a timely motion to intervene and protest. SMUD protests the deletion of its current effective Existing Contracts from Appendix A to the extent that it may have unintended impacts on the status of SMUD's Existing Contracts. Instead, SMUD submits that California ISO should follow its past practice and simply add an endnote noting termination of PG&E as SMUD's Scheduling Coordinator without deleting the currently effective Existing Contracts from Appendix A. In the alternative, SMUD requests clarification from the Commission that the parties to the RPTO Agreement remain fully obligated to honor SMUD's currently effective Existing Contracts as specified in the RPTO Agreement, regardless of the removal of these contracts from Appendix A.

Discussion

Procedural Matters

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2002), the timely filed motions to intervene serve to make the entities that filed them parties to this proceeding.

Substantive Matters

10. The RPTO Agreement is based on terms and conditions which are in the California ISO Tariff, and primarily describes the way in which the RPTO as Scheduling Coordinator will fulfill its obligations under Existing Contracts in the California ISO service territory. California ISO proposes to revise Appendix A of the RPTO Agreement to reflect that, effective with the date of operation of the SMUD Control Area, PG&E will no longer act as SMUD's Scheduling Coordinator. The revision includes deleting SMUD's currently effective Existing Contracts from Appendix A and noting that a Scheduling Coordinator other than PG&E will schedule SMUD's use of its PG&E existing transmission contracts.

11. SMUD argues that the RPTO Agreement sets forth the manner in which California ISO and PG&E will fulfill their obligations to honor Existing Contracts, and that according to Section 1.2 of the RPTO Agreement, these Existing Contracts are listed in Appendix A. SMUD argues that the wholesale deletion of its Existing Contracts from Appendix A by California ISO renders Appendix A incomplete and incorrect.

12. SMUD argues that in past filings the California ISO has not deleted Existing Contracts, but added an endnote noting the change in Scheduling Coordinator. SMUD notes that in its fifth revision to Appendix A, the California ISO added an endnote stating that PG&E appointed the California Power Exchange as the Scheduling Coordinator for all schedules submitted under PG&E's Existing Contracts with Western Area Power Administration.⁶

13. SMUD argues that the termination of PG&E's role as the Scheduling Coordinator for SMUD relieves neither PG&E nor California ISO from their obligations to honor SMUD's currently effective Existing Contracts. SMUD asserts that various provisions of the RPTO Agreement require California ISO and PG&E to fulfill their obligation to honor Existing Contracts, regardless of whether PG&E continues as the Scheduling Coordinator. SMUD claims that Sections 7.1 - 7.3 of the RPTO Agreement outline metering and settlement arrangements that PG&E and California ISO have to continue to uphold with respect to Existing Contracts. SMUD also provides two examples where California ISO is obligated to administer SMUD's Existing Contracts irrespective of a change in Scheduling Coordinators. First, SMUD notes that Section 4.2 of the RPTO Agreement allows Existing Rightholders to satisfy the ISO's Ancillary Services Standards by self provision of ancillary services pursuant to their Existing Contracts. Additionally, SMUD claims that Section 2.4 of the RPTO Agreement allows the appointment of a different Scheduling Coordinator, whom the California ISO has to deem to be entitled to all the rights and obligations currently enjoyed by the RPTO. Thus, in conclusion, SMUD asserts that the deletion of the currently effective Existing Contracts from Appendix A will lead to unnecessary confusion and uncertainty.

14. To ensure that the proposed deletion of the currently effective Existing Contracts from Appendix A does not adversely affect the rights associated with those Existing Contracts, we will require that California ISO reinsert SMUD's currently effective Existing Contracts in Appendix A, and include language in the endnotes to Appendix A

⁶See California Independent System Operator Corporation, Docket No. ER00-1007-000 (January 5, 2000) and Letter Order accepting filing (February 4, 2002).

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reflecting the termination of PG&E's role as Scheduling Coordinator for these currently effective Existing Contracts. This is the approach that California ISO has taken in the past in similar circumstances and California ISO has not indicated that SMUD's circumstances are any different. We deny SMUD's alternative request for clarification as the above finding addresses SMUD's concern. The California ISO is required to make a compliance filing reflecting this modification within thirty (30) days from the date of this order.

15. We accept California ISO's proposed revisions to Appendix A of the RPTO Agreement with regard to reinstating PG&E as the Scheduling Coordinator for certain PG&E-Western Area Power Administration existing contracts, and removing from Appendix A the two terminated PG&E/SMUD agreements and the terminated PG&E/Destec Power Services agreement.

16. We will grant waiver of the Commission's 60-day prior notice requirement and accept the revisions to become effective date on June 18, 2002.⁷

The Commission orders:

(A) The Commission hereby accepts the revisions filed by California ISO to Appendix A of the RPTO Agreement between California ISO and PG&E, subject to modification, as discussed in the body of this order.

(B) The Commission hereby directs California ISO to make a compliance filing within 30 days from the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Linwood A. Watson, Jr.,
Deputy Secretary.

⁷See Central Hudson Gas & Electric Corporation, 60 FERC ¶ 61,106, reh'g denied, 61 FERC ¶ 61,089 (1992) (changes in non-rate terms and conditions).

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