

124 FERC ¶ 61,095
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

California Independent System Operator Corporation Docket Nos. ER07-869-001
ER07-475-002
ER06-615-008

ORDER CONDITIONALLY ACCEPTING TARIFF PROVISIONS, SUBJECT TO
MODIFICATION

(Issued July 28, 2008)

1. In this order, we conditionally accept, subject to modification, proposed revisions to the California Independent System Operator Corporation's (CAISO's) Market Redesign and Technology Upgrade (MRTU) Tariff related to short-term and long-term financial transmission rights (referred to herein as short-term CRRs and long-term CRRs, respectively). The CAISO's instant proposal was filed in compliance with the Commission's Final Rule regarding Long-Term Firm Transmission Rights in Organized Electricity Markets issued on August 1, 2006 and subsequent Commission orders.¹ The CAISO's filing also includes revisions based on the outcome of a recent stakeholder process.

I. Background

2. On February 9, 2006, in Docket No. ER06-615-000, the CAISO filed its proposed MRTU Tariff that provided for seasonal and monthly transmission rights called short-

¹ *Long-Term Firm Transmission Rights in Organized Electricity Markets*, Order No. 681, 71 Fed. Reg. 43,564 (Aug. 1, 2006), FERC Stats. & Regs. ¶ 31,226 (Final Rule), *order on reh'g*, Order No. 681-A, 117 FERC ¶ 61,201 (2006) (Final Rule Rehearing Order); *Cal. Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274, at P 704-873 (2006) (MRTU Order); *Cal. Indep. Sys. Operator Corp., order on reh'g*, 119 FERC ¶ 61,076 (2007) (MRTU Rehearing Order); *Cal. Indep. Sys. Operator Corp., order on compliance*, 119 FERC ¶ 61,313 (2007) (June 25 Compliance Order); *Cal. Indep. Sys. Operator Corp.*, 120 FERC ¶ 61,023 (2007) (July 6 Order).

term CRRs. On September 21, 2006, the Commission issued an order that conditionally accepted the short-term CRRs Tariff provisions, subject to modification.² Subsequently, on April 20, 2007, the Commission issued an order on rehearing of the September 21, 2006 Order that directed additional modifications to the proposed short-term CRRs Tariff provisions.³

3. On July 20, 2006, the Commission issued a Final Rule which, consistent with the Energy Policy Act of 2005 (EPAAct 2005),⁴ required independent transmission organizations that oversee organized electricity markets to make long-term firm transmission rights (LTTRs) available that satisfy seven guidelines.⁵ On November 16, 2006, the Commission issued an order on rehearing of the Final Rule that required the CAISO to submit its LTTRs proposal to the Commission by the January 29, 2007 deadline established in the Final Rule.⁶ The CAISO submitted its proposal, in Docket Nos. ER07-475-000 and ER07-475-001, to implement long-term CRRs under the MRTU Tariff on January 29, 2007 and amended this filing on February 2, 2007. Subsequently, on May 7, 2007, in Docket No. ER07-869-000, the CAISO amended its long-term CRRs proposal as well as several short-term CRRs Tariff provisions that had been conditionally accepted by the Commission.⁷

4. In the July 6 Order, the Commission conditionally accepted, subject to modification, the CAISO's proposed MRTU Tariff revisions implementing long-term CRRs, which were to become effective on July 9, 2007. In the July 6 Order, the

² MRTU Order, 116 FERC ¶ 61,274 at P 704-873.

³ MRTU Rehearing Order, 119 FERC ¶ 61,076 at P 348-411.

⁴ Pub. L. No. 109-58, § 1233, 119 Stat. 594, 958 (2005). Section 217(b)(4) of EPAAct 2005 directed the Commission to use its authority to facilitate transmission planning and expansion to meet the reasonable needs of load serving entities (LSEs) with respect to meeting their service obligations and, relevant to this filing, securing LTTRs for long-term supply arrangements made, or planned, to meet such obligations. *Id.*

⁵ Final Rule, FERC Stats. & Regs. ¶ 31,226 at P 108-428; Final Rule Rehearing Order, 117 FERC ¶ 61,201 at P 12-15.

⁶ Final Rule Rehearing Order, 117 FERC ¶ 61,201 at P 116.

⁷ CAISO May 7, 2007 Amendments to Facilitate the Initial Congestion Revenue Right Allocation and Auction Process under the Market Redesign and Technology Upgrade Program and Congestion Revenue Rights For Sponsors of Merchant Transmission Upgrades.

Commission also granted in part and denied in part the requests for rehearing on LTTR issues that were raised in the MRTU filing, Docket No. ER06-615-001.

5. On July 20, 2007, the CAISO filed the Amendments in Compliance with the Commission's July 6 Order in the instant Docket Nos. ER07-869-001, ER07-475-002, and ER06-615-008.⁸

II. Compliance Filing

6. The CAISO's filing addresses tariff changes that resulted from a recent stakeholder process and proposed revisions to the MRTU Tariff that were submitted in compliance with the MRTU Order, MRTU Rehearing Order, June 25 Compliance Order, and July 6 Order.⁹ Below are the Commission's discussion and findings that primarily address aspects of the CAISO's proposal that have been contested by various commenters. With respect to the proposed sections that are not contested and not specifically discussed herein, we find that they are just and reasonable and are hereby accepted for filing.¹⁰

III. Notices of Filings and Responsive Pleadings

7. Notice of the July 20, 2007 filing was published in the *Federal Register*, 72 Fed. Reg. 43,266-43,268 (2007), with comments due on or before August 10, 2007.

⁸ See Order Denying Requests for Rehearing and Clarification, issued concurrently with the instant order, in Docket Nos. ER07-869-002, ER07-475-003, and ER06-615-010 (Order Denying Rehearing). *California Independent System Operator Corporation*, 124 FERC ¶ 61,094 (2008).

⁹ For the purposes of this order, the details of the CAISO's filing and related discussion have been divided by subject matter consistent with the guidelines established in the Final Rule.

¹⁰ The tariff sections accepted for filing and not discussed herein include the following: (1) permitting external LSEs to nominate CRRs sourced at trading hubs; (2) permitting external LSEs to prepay the wheeling access charge on a monthly basis; (3) permitting external LSEs to nominate CRRs associated with wheel-through transactions; and (4) clarifying tariff language in section 36.9.3. Further, we find the CAISO's explanation regarding the modeling of time sensitive parameters in the simultaneous feasibility test to be in compliance with the Commission's directive.

8. The following entities submitted motions to intervene, comments, and/or protests: Southern California Edison Company (SoCal Edison); Pacific Gas and Electric Company (PG&E); California Department of Resources State Water Project (SWP); Alliance for Retail Energy Markets (AReM); Imperial Irrigation District (Imperial); Sacramento Municipal Utility District (SMUD); and the California Public Utilities Commission (CPUC). The CAISO filed an answer on August 27, 2007¹¹ and SMUD filed a response to the CAISO's Answer on September 5, 2007.

IV. Discussion

A. Procedural Matters

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the notices of intervention and timely unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits an answer to a protest or to an answer unless otherwise ordered by the decisional authority. We will accept the CAISO's Answer because it has provided information that has helped us in our decision-making process. We are not persuaded to accept the SMUD's Response to the CAISO's Answer, and therefore reject it.

B. Compliance with Final Rule Guidelines

10. The Final Rule established seven guidelines that each transmission organization must satisfy to comply with the Final Rule and EAct 2005. The Final Rule gives transmission organizations flexibility in the manner in which they satisfy the guidelines.

1. Guideline 5

[LSEs] must have priority over non-[LSEs] in the allocation of [LTTRs] that are supported by existing transmission capacity. The transmission organization may propose reasonable limits on the amount of existing transmission capacity used to support [LTTRs].

11. Guideline 5 protects LTTRs used to satisfy native load service obligations. In the Final Rule, the Commission chose not to require LSEs with long-term power supply

¹¹ CAISO August 7, 2007 Answer (CAISO Answer).

arrangements to have priority over LSEs that prefer short-term power supply arrangements; that is, LSEs are on equal footing, unless stakeholders agree to an alternative rule. The Final Rule also stated that non-LSEs should be given access to any LTTRs available following the allocation to LSEs.

a. Availability of Long-Term CRRs

Proposal

12. According to the CAISO, in the July 6 Order the Commission found that there is a strong incentive for parties to lock-up a significant portion of grid capacity through long-term CRRs in CRR Year 1, thereby reducing flexibility for LSEs in subsequent years. As a result, the CAISO explains that the Commission accepted a proposal to limit long-term CRRs eligibility to 20 percent of each LSE's Adjusted Load Metric¹² in CRR Year 1. According to the CAISO, the eligibility will then increase by 10 percent a year over the next three years until all internal LSEs are eligible for long-term CRRs of up to 50 percent of their load metric.

13. The CAISO provides that the Commission directed an exception to the eligibility cap for internal LSEs that can show that more than 20 percent of their load in CRR Year 1 is covered by long-term procurement arrangements of 10 years or greater, or ownership of generation resources. In this case, the CAISO states that an LSE may nominate long-term CRRs equal to the sum of the owned resources and long-term procurement arrangements of 10 years or more up to 50 percent of the LSE's load metric. The CAISO explains that each external LSE must show that all of its nominated long-term CRRs are supported by a combination of long-term procurement arrangements of at least 10 years and/or ownership of generation resources. The CAISO requires that such a demonstration include a written and sworn declaration from an authorized representative of the external LSE that attests to its accuracy. Additionally, the CAISO notes that a difference exists between internal and external LSEs regarding the demonstration

¹² The Adjusted Load Metric (load metric) consists of the LSE's load metric minus any MWs of load covered by existing transmission contracts (ETCs), converted rights, and transmission ownership rights. MRTU Master Definition Supplement, App. A. The load metric is the basis of an LSE's load eligible for CRR allocation and is calculated as the level of load for a defined time period that is exceeded in only 0.5 percent of the hours of that time period based on historical or forecast load data.

required to show long-term procurement arrangements of 10 years or greater and/or ownership of generation resources – an internal LSE has no requirement for such a showing up to the percentage caps; whereas, an external LSE must make such a showing for all of its nominated long-term CRRs.

14. The CAISO asserts that the difference exists because of the legitimate showing of need requirement. The CAISO maintains that external LSEs are situated differently than internal LSEs because they may have the option of not using the CAISO's transmission system. Also, the CAISO claims that the Commission has previously accepted that the need exists for a mechanism through which the CAISO can verify an external LSEs' on-going reliance on the CAISO's transmission system.¹³

i. **Quantity of Long-Term CRRs Released to LSEs in Year 1: Clarification regarding the "Phase-in" Approach**

Comments and Protests

15. PG&E, SoCal Edison, and the CPUC argue that the CAISO's proposal to limit long-term CRRs eligibility is unclear. PG&E states that while the proposed tariff language makes clear how the allowances for long-term CRRs nominations above 20 percent will be determined, language in the CAISO's transmittal letter is less clear. PG&E requests that the Commission clarify what is governed by the tariff language. Similarly, SoCal Edison asserts that a disparity exists between the tariff language and the CAISO's transmittal letter regarding the ability of LSEs to nominate long-term CRRs. SoCal Edison argues that the tariff language is the appropriate limit on long-term CRRs that can be obtained in the first three years of MRTU.

16. SoCal Edison also seeks clarification as to which resources are eligible for allocation in excess of the default percentages when an LSE demonstrates long-term supply arrangements beyond these percentages. SoCal Edison points out that the tariff is silent on this matter. SoCal Edison contends that if an LSE shows a long-term supply

¹³ CAISO July 20 2007 Amendments (CAISO Amendments) at 15 (citing July 6 Order, 120 FERC ¶ 61,023 at P 189). Moreover, the CAISO claims that an inability to verify the on-going usage of the transmission system by an external LSE could result in the allocation of CRRs to external LSEs that are not using the CAISO transmission system to serve their load, which, the CAISO argues is inconsistent with the goal of allocating CRRs to hedge the actual congestion cost incurred by external LSEs. *Id.*

arrangement in excess of the default percentages, the incremental long-term CRRs in excess of the default percentages must source from the location of one or more of its long-term supply arrangements. According to SoCal Edison, these incremental long-term CRRs must not exceed the contracted or owned capacity at that source and also must sink in the load aggregation point for which the LSE serves load. SoCal Edison states that this will ensure that the long-term CRRs issued in excess of the default percentages will be used to hedge the risks associated with long-term supply arrangements.

17. The CPUC argues that the tariff does not provide sufficient detail explaining how the exception to the 20 percent limit for long-term sources will be carried out and outlines four possible interpretations of the CAISO's proposed tariff language. The CPUC states that it prefers its fourth interpretation, which allows LSEs to nominate the amount equal to their total demonstrated quantity of long-term sources, but if these exceed 20 percent, then all of the long-term CRRs they nominate must be sourced at long-term sources. The CPUC explains that under this provision, an LSE would have the option each year to either nominate any long-term CRRs up to 20 percent of its load metric or nominate only CRRs associated with long-term sources up to 50 percent of its load metric. The CPUC asserts that while this may limit the ability of LSEs to hedge either some of their long-term sources or sources that are not supported by long-term arrangements, but are regular sources of power for the LSEs, it could further the renewable portfolio standards.

18. Additionally, PG&E suggests that the CAISO modify the definition of "start of the ten-year period for the Long Term Procurement Arrangement."¹⁴ PG&E states that the CAISO should define the "start of the 10-year period for long-term procurement arrangement" as being consistent for Year 1 with the source verification period for Tier 1 and Tier 2 nominations because they serve as the basis for Tier LT nominations.¹⁵

¹⁴ PG&E August 10, 2007 Comments at 3.

¹⁵ *See id.* Short-term CRRs are allocated using a three tier process. In each Tier, an LSE may nominate only short-term CRRs that it is eligible to request. Annual LSE eligibility is based on each LSE's historical demand. In contrast, monthly allocation is based on an LSE's forecasted demand.

In MRTU Year 1, an LSEs may nominate source verified short-term CRRs in Tiers 1 and 2. The source verification process requires an LSE to demonstrate that, during the historical reference period, the LSE was entitled to receive energy from the nominated sources to serve its demand. After MRTU Year 1, the CAISO proposes to replace the source verification process used in Tiers 1 and 2 with a Priority Nomination Process. Under the Priority Nomination Process, LSEs are limited to nominating short-

(continued...)

PG&E notes that the source verification period for Year 1 runs from January 1, 2006 through December 31, 2006. Therefore, PG&E recommends defining a long-term procurement arrangement as having “a start date of December 31, 2006, or earlier, and an end date of December 31, 2005 (or for resources starting in 2006, 10 years from the start date) or later.”¹⁶

Answer

19. The CAISO states that its proposal and related tariff language were meant to describe the CPUC’s fourth interpretation. The CAISO explains that if an LSE’s long-term sources exceed 20 percent of its load metric and the LSE wants to nominate more than 20 percent of its load metric as long-term CRRs, then all of the LSE’s long-term CRRs nominations must come from its eligible CRRs that utilize long-term sources. As such, the CAISO explains that each LSE that is eligible to exceed the 20 percent limit must decide whether to stay within the limit, in which case it may nominate any of its eligible CRRs as long-term CRRs, or to exceed the limit, in which case it may only nominate eligible CRRs sourced at its long-term sources. The CAISO maintains that this interpretation is necessary to minimize the incentive and opportunity for parties to lock-up a significant portion of grid capacity as long-term CRRs in Year 1, thereby reducing flexibility for LSEs in later years.

20. Under the CPUC’s fourth interpretation, the CAISO explains that an LSE cannot both exceed the 20 percent limit and freely nominate any of its Tier 1-2 short-term CRRs as long-term CRRs. The CAISO urges the Commission to accept the preferred fourth interpretation described above, and proposes to add the following clarifying sentence to MRTU Tariff section 36.8.3.1.3.1:

If an LSE’s combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is

term CRRs that they were allocated in the prior years. Tier 3 in the MRTU Year 1, and Tiers 2 and 3 in subsequent years, is referred to as the “free choice” tier because short-term CRR nominations are limited only by each LSE’s eligibility.

Long-term CRRs are allocated in a separate tier (Tier LT), which follows the source verified tiers (i.e., Tiers 1 and 2) in MRTU Year 1 and the Priority Nomination Process in subsequent years. *See* MRTU Tariff section 36.

¹⁶ PG&E August 15, 2007 Errata Letter to August 10, 2007 Comments at 1.

greater than twenty percent (20%) of its [load metric] and the LSE nominates more than twenty percent (20%) of its [load metric] as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources.¹⁷

Determination

21. We agree with commenters that the CAISO's proposed tariff language does not adequately explain how the exception to the 20 percent limit for long-term sources will be implemented and find that the CPUC's fourth interpretation is consistent with the Commission's directive in the July 6 Order.¹⁸ This interpretation, which is also preferred by the CAISO, appropriately addresses the Commission's concerns explained in its July 6 Order that a significant portion of the transmission capacity may be "locked-up" in the first year of MRTU.¹⁹ In the July 6 Order, the Commission explained that a balance must be struck between affording market participants the "flexibility to accommodate changes in future procurement activities and certainty for those wishing to hedge their long-term congestion charges."²⁰ We find that the CPUC's fourth interpretation appropriately strikes this balance.

22. Accordingly, we accept the CAISO's proposal in its answer that proposes to add a clarifying sentence to MRTU Tariff section 36.8.3.1.3.1 specifying how the exception to the 20 percent limit for long-term sources will be carried out. The Commission finds that the clarifying sentence proposed in the CAISO's Answer adequately addresses the concerns raised by SoCal Edison with respect to which resources are eligible for allocation in excess of the default percentages.²¹ We also clarify that the tariff language filed in compliance with this order will govern over any conflicting language in the transmittal letter. In response to PG&E's concerns regarding the language "start of the

¹⁷ CAISO Answer at 19-20.

¹⁸ See July 6 Order, 120 FERC ¶ 61,023 at P 136.

¹⁹ See *id.*

²⁰ *Id.*

²¹ See *supra* P 20.

10-year period for the Long Term Procurement Arrangement,”²² we clarify that this refers to long-term procurement arrangements that were either associated with owned generation or under a 10-year contract that started on or before January 1, 2006 and extends through December 31, 2015.²³ We find that this interpretation is consistent with the July 6 Order in that it helps to ensure that long-term CRRs are awarded to those with long-term needs and that long-term capacity is not unnecessarily locked-up in Year 1, thereby, preserving flexibility for LSEs in later years.²⁴

23. For the reasons described above, we accept the CAISO’s proposal subject to modification and, therefore, direct the CAISO to file within 30 days of the issuance of this order, tariff sheets that incorporate the clarifying sentence set forth in the CAISO’s Answer into MRTU Tariff section 36.8.3.1.3.1.

ii. CRRs for Future Generation

Comments and Protests

24. The CPUC is concerned about the future availability and feasibility of long-term CRRs for new resources. The CPUC argues that the CAISO’s proposal to assure long-term feasibility of long-term CRRs through the transmission planning process may impede the remedy sought by the Commission in its July 6 Order and reduce flexibility for LSEs in later years. Specifically, the CPUC claims that the absence of a plan in the CAISO’s long-term CRRs allocation methodology to assure that the CRR capacity will be available for future resources may force the CAISO, within the transmission planning process, to impede the entrance of new resources into the grid or, by failing to allocate CRRs, to hedge transmission costs arising from the sale of energy by new resources.

²² PG&E August 10, 2007 Comments at 3.

²³ We note that a compliance filing relating to similar matters is pending before the Commission in Docket No. ER08-1059-000. As such, acceptance in this order of aspects of the tariff filing that may be altered or impacted in the subsequent ER08-1059-000 docket, does not constitute prejudgment of those issues.

²⁴ See July 6 Order, 120 FERC ¶ 61,023 at P136. See also CAISO Business Practice Manual for Congestion Revenue Rights, Version 4 (November 15, 2007). <http://www.caiso.com/1c97/1c97df0864c10.pdf>

25. The CPUC requests that the Commission clarify that it intended and ordered the CAISO to develop an integration process prior to any increase in the availability of long-term CRRs, or in the alternative direct the CAISO to develop such a process. The CPUC states that if the Commission did not order the development of such an integration plan, such a plan is necessary to create a just and reasonable tariff that will not discriminate against future generation additions to the grid and LSEs that desire to purchase energy from those suppliers. The CPUC asserts that, absent the relief requested, ratepayers have no assurance that LSEs will be able to hedge what may be dramatic variances between transmission costs from diverse resources. The CPUC states that a hedge is necessary for the following reasons: (1) to respect California's energy procurement choice; (2) to prevent discriminatory treatment between existing and new resources; and (3) to mitigate potentially dramatic unhedged transmission costs that will ultimately flow through to the customers.

26. Additionally, the CPUC requests rehearing and asks that the Commission clarify the July 6 Order such that it defers to the proposal to limit the resource based priorities for Tiers 1 and 2 in MRTU Year 1 to the term of the underlying commercial arrangement, which CPUC claims may also alleviate potential inequities foreseen by SDG&E and to California ratepayers.

Answer

27. The CAISO asserts that it has a duty under the Commission's Final Rule to maintain the feasibility of long-term CRRs over their term. As a part of the Order No. 890 compliance requirements, the CAISO states that it is working with its stakeholders to supplement its tariff and provide any supporting documentation necessary to describe more precisely how its transmission practices and procedures will ensure that no such erosion will occur. In conjunction with its overall grid planning process, the CAISO claims that this obligation requires it to ensure that new transmission or generation does not add transmission congestion to the grid or otherwise degrade the transfer capability of grid facilities such that the feasibility of outstanding long-term CRRs is compromised. Consequently, the CAISO asserts that additional measures are not needed, as they could lead to redundancy of its procedures, which would require further policy development to tailor any such measures. The CAISO also points out that the Commission accepted the CPUC's proposal that limits an LSE's eligibility for long-term CRRs to 20 percent of its load metric.

28. The CAISO acknowledges the CPUC's concerns; however, it suggests that there is no indication that long-term CRRs will not be available in the future for LSEs that build

or contract with new generation resources. The CAISO explains that an LSE's eligibility for allocated CRRs is based on the LSE's load metric.²⁵ If the interconnection of new generation requires an upgrade to the transmission system, the CAISO maintains that the interconnection procedures ensure that the transmission system will be expanded to accommodate the new generation, and the new transmission capacity will increase the quantity of CRRs that are available under the MRTU Tariff. The CAISO concludes that the CPUC has not established that a new methodology is required to assure that CRRs will be available. Furthermore, the CAISO notes that the implementation of exceptions to the 20 percent of load metric limitation on long-term CRRs eligibility should help alleviate the CPUC's concern.

29. Because of its concern over the availability of long-term CRRs for new generation, the CPUC requests that the Commission clarify the July 6 Order. The CAISO explains that in the CPUC's request to "defer to the mutually agreeable proposal offered by the CAISO in its June 14 comments," the CPUC is referring to the CAISO's Answer to comments in the May 7 filing in Docket No. ER07-869-000, and the CAISO's opinion on the second of two alternatives put forth by SDG&E.²⁶ The CAISO explains that the SDG&E proposal would limit the resource based priorities for Tiers 1 and 2 in MRTU Year 1 to the term of the underlying commercial arrangement. In its comments, the CAISO did not adopt the SDG&E proposal; however, it stated that if the proposal was adopted it would not impact the rules being implemented in preparation of the first annual CRR allocation and would have a minimal impact (if any) on the implementation schedule. Specifically, the CAISO noted that SDG&E's proposal could be implemented by limiting the renewability in the Priority Nomination Process of CRRs associated with contracts that were valid in 2006 but have subsequently expired.²⁷ The CAISO explains that such contracts would not be renewable in the Priority Nomination Process but could be nominated in the free-choice tiers.

²⁵ The CAISO states that if a developer of new generation contracts to sell the output of the generation to an LSE, the LSE will be able to obtain long-term CRRs to hedge the congestion risk of serving its load.

²⁶ CAISO Answer at 15 (citing CPUC Comments and Limited Protest, August 10, 2007 at 22).

²⁷ The Priority Nomination Process permits LSEs in MRTU Year 2, and for all subsequent years, the right to nominate a percentage of previously-awarded CRRs in the Tier 1 of the CRR allocation process. This process increases the likelihood that LSEs can keep the same CRRs for multiple years, if desired.

30. The CAISO states that it has not changed its opinion of the SDG&E proposal endorsed by the CPUC and notes that it did not propose any changes to its previously adopted rules and has already provided substantial evidence in support of the justness and reasonableness of its adopted rules. The CAISO reiterates its belief that its filed proposal is a reasonable balance of competing concerns. Nonetheless, the CAISO states that SDG&E's concerns could be partially addressed by adopting the SDG&E proposal. The CAISO does not agree with the CPUC that a new methodology is needed to assure that long-term CRRs will be available prospectively for new generating resources.

Determination

31. We clarify that the July 6 Order did not direct, or intend to direct, the CAISO to develop an integration process prior to increasing the availability of long-term CRRs. Further, we disagree that such a process is necessary and, therefore, reaffirm our determination that the incremental approach to the annual release of long-term CRRs provides sufficient "flexibility to LSEs nominating CRRs in future years to match future procurement decisions."²⁸

32. In response to the CPUC's request that the Commission defer limiting the resource based priorities for Tiers 1 and 2 in MRTU Year 1 to the term of the underlying commercial arrangement, we find that we have addressed this matter in detail in the Order Denying Rehearing and declined to adopt SDG&E's proposal to limit the resource based priorities to the term of the underlying commercial arrangement.²⁹ We further note that the instant proceeding is a compliance proceeding and that the CAISO has complied, subject to modification, with the directives established in the July 6 Order. Accordingly, the appropriate forum for protesters to raise these issues is in the rehearing proceeding, which protesters have indeed done. As the instant proceeding is not the appropriate forum, and since these issues have been raised in the rehearing proceeding, they will not be considered further.

²⁸ July 6 Order, 120 FERC ¶ 61,023 at P 137.

²⁹ *See* Order Denying Rehearing.

b. Source Verification for External LSEs**Proposal****i. External LSE Wheel-Through CRRs**

33. According to the CAISO, the July 6 Order directs it to provide external LSEs with the opportunity to nominate long-term CRRs associated with wheel-through transactions in the CRR allocation process. Consistent with this directive, the CAISO states that the MRTU Tariff has been revised to remove the prior restrictions, thereby allowing such nominations.

ii. Forward Looking Principle

34. The CAISO states that the July 6 Order directs it to require a forward-looking demonstration of need for all CRR nominations by external LSEs, such that their on-going usage of the transmission system for wheel-through CRR nominations can be verified. According to the CAISO, it has modified the MRTU Tariff to implement a forward looking determination of need for the CRR nominations made by external LSEs. The CAISO explains that an external LSE must make a showing of legitimate need to enable the CAISO to verify the CRR sources that the external LSE wants to nominate, and also provides that all CRR nominations by external LSEs in all CRR years must be source verified by demonstrating legitimate need.

35. According to the CAISO, its verification of legitimate need will be based on a demonstration that the external LSE has either an executed energy contract from a generating unit or system resource that covers the time period of the CRRs nominated, or, ownership of such generating unit or system resource. The CAISO explains that for such CRR sources, the showing of legitimate need must be made for each CRR term for which the external LSE wants to nominate CRRs in a timely manner prior to the start of the relevant annual or monthly CRR allocation process.

36. For CRR sources outside the CAISO's Control Area, the CAISO explains that a scheduling point must be nominated as the corresponding CRR source. The CAISO provides that generating resources outside of its control area, which are used by the external LSE to verify a scheduling point as a CRR source, must not be located in the external LSE's own control area. Also, for a CRR source that is a scheduling point, the CAISO provides that an external LSE must show that it has procured the appropriate transmission service from the transmission provider outside the CAISO Control Area to the scheduling point for the term of the nominated CRR.

Comments and Protests

37. Imperial and SMUD share similar concerns regarding the requirement that external LSEs must verify the sources associated with any nominated CRRs. Specifically, SMUD asserts that the CAISO's proposal to require external LSEs to participate in source verification for all tiers of the CRR allocation process, places unnecessary and onerous requirements on external LSEs without justification. Imperial and SMUD object that the CAISO's requirement that external LSEs provide the CAISO with source verification information for all long-term CRRs nominations is not justified because it requests data from external LSE's that internal LSE's are not required to provide after CRR Year 1. Additionally, Imperial raises concerns that internal LSEs are not required to provide source verification up to their percentage cap on their load metric for long-term CRRs. Imperial also contends that the CAISO's proposal exceeds the Commission's request that an external LSE's eligibility to nominate wheel-through CRRs will be subject to forward-looking showing of determination of need, by requiring that external LSEs demonstrate that all of their long-term CRRs are supported by a combination of long-term procurement arrangements of 10 years or greater and ownership of generation resources.

38. Imperial asserts that it is not reasonable to require external LSEs to prove they have entered into contracts of 10 years or more in length in order to obtain long-term CRRs, rather than, for example, multiple short-term contracts that add up to a total of 10 years. Imperial states that imposing the 10-year contract length on external LSEs may impede the construction of new transmission projects and asserts that it is contrary to both Commission and Congressional policy goals.³⁰ Imperial claims that if an external LSE must lock itself into 10-year contracts in order to be assured of obtaining CRRs that hedge congestion costs, the external LSE may not be able to justify engaging in new transmission projects during the 10-year period. Imperial further states that the tariff language in section 36.8.3.1.3.2 of the MRTU Tariff is vague and could therefore lead to future instances of undue discrimination against external LSEs.

39. Imperial and SMUD assert that source verification for external LSEs is not necessary because there are sufficient forward looking requirements in place to prevent abuse by external LSEs. Specifically, Imperial and SMUD argue that the MRTU Tariff

³⁰ Imperial asserts that impeding transmission investment is contrary to the stated goals of both Congress and FERC. *See* Imperial August 10, 2007 Comment and Protest at 7 (citing 16 U.S.C. §§ 824p, 824s; 5 U.S.C § 706; *Promoting Transmission Investment Through Pricing Reform*, Order No. 679, FERC Stats. & Regs. ¶ 31,222 (2006)).

requires external LSEs to prepay the wheeling access charge for the term of the requested CRR based on the MW quantity of allocated CRRs. Imperial explains that this imposes a financial penalty on external LSEs that contract for more CRRs than they need to serve their load because the external LSEs will forfeit the wheeling access charge if they schedule less than the MW quantity of the CRR. Furthermore, Imperial states that the number of CRRs that an external LSE may request is limited by the MRTU Tariff, such that an external LSE will not be able to request unlimited CRRs if source verification is not required. Imperial and SMUD claim that an external LSE's CRR eligible quantities are further limited by the lesser of the total historical hourly export data for all scheduling points submitted as CRR sinks, and the hourly metered load for external end-use customers served by the external LSE from exports from the CAISO Control Area. Imperial argues that these existing safeguards combined with the source verification obligation will place unnecessary burdens on external LSEs. Additionally, SMUD points out that the intent behind not requiring source verification for Tier 3 nominations of seasonal CRRs in Year 1, was to provide flexibility for LSEs that may not be able to source verify all of their anticipated needs a year in advance.

40. Imperial further contends that the counterflow CRRs created by external LSEs will be beneficial to internal LSEs, and therefore should not be limited by an external LSEs' ability to verify sources. Similarly, SMUD asserts that CRRs allocated to external LSEs may be counterflow CRRs which result in more CRRs being available to internal LSEs during stressed conditions. Imperial and SMUD explain that counterflow CRRs are beneficial when the transmission system is stressed during peak load periods. Imperial asserts that it is more efficient to release CRRs to internal and external LSEs consistent with their use of the system. Finally, Imperial states that external LSEs have municipal obligations that require them to seek to provide low cost power to retail customers.

Answer

41. The CAISO claims that the comments submitted by SMUD and Imperial are focused on the source verification requirements approved in the July 6 Order. According to the CAISO, the primary complaint is the requirement in MRTU Tariff section 36.8.3.4.2 that all CRR nominations by external LSEs must be source verified. The CAISO argues that the proposed tariff provisions to which SMUD and Imperial complain are responsive to Commission's directions set forth in the July 6 Order.

Determination

42. The Commission rejects the assertions by Imperial and SMUD that the CAISO's proposal exceeds the directives set forth in the July 6 Order.³¹ Specifically, the July 6 Order provides that "the CAISO proposes to apply the forward-looking showing to all CRR nominations by external LSEs, including wheel-through CRR nominations, in conjunction with the rules for demonstrating eligible quantities of load for CRR allocation in accordance with proposed MRTU Tariff section 36.9.3."³² In the July 6 Order, we accepted the CAISO's proposal with regard to this language.³³

43. We are not persuaded by the argument that the counterflow CRRs created by external LSEs should not be limited by an external LSE's ability to verify sources. Regardless of whether external LSEs will nominate counterflow CRRs that may increase the overall availability of CRRs, we do not agree that this increase outweighs the underlying principle of the CRR allocation process that CRRs be allocated to LSEs in order to hedge the congestion costs they actually incur while using the CAISO transmission system to serve their load. We note that if the CRRs described are truly counterflow CRRs, although they will not be available for nomination in the CRR allocation process, these CRRs should be available in the CRR auction and relatively inexpensive to purchase.

44. In the Order Denying Rehearing, the Commission upheld the application of the forward looking need requirement on external LSEs.³⁴ As this is an order on compliance,

³¹ In particular, we directed the CAISO to provide external LSEs with the opportunity to nominate long-term CRRs associated with wheel-through transactions in the CRR allocation process. July 6 Order at 120 FERC ¶ 61,023 at P 188. We also found the CAISO's proposal to apply the forward-looking showing to all CRR nominations in conjunction with MRTU Tariff section 36.9.3 to be just and reasonable and directed the CAISO to make a filing revising MRTU Tariff section 36.9.1 to this effect. *Id.* P 189. Moreover, as specified in MRTU Tariff section 36.9.1, we concluded that an external LSE's eligibility to nominate wheel-through CRRs will be subject to a forward-looking showing of determination of need. *Id.*

³² *Id.* P 184.

³³ *Id.* P 188-189.

³⁴ *See* Order Denying Rehearing.

and the CAISO has complied with the directives established in the July 6 Order, we find that the appropriate forum for protesters to raise these issues is in the rehearing proceeding, which protesters have done. Because the instant proceeding is not the appropriate forum, and these issues have been raised in the rehearing proceeding, we will not consider these issues further.

45. Accordingly, we find that the CAISO's filed proposal complies with the Commission's directives set forth in the July 6 Order. For the reasons described above, we accept the CAISO's proposal concerning source verification for external LSEs.

c. State Water Project Load Metric

Proposal

46. The CAISO provides that the April 20 MRTU Rehearing Order directs it to continue working with SWP to resolve any outstanding issues associated with allocating CRRs to pump load entities, including how to treat water pumping facilities' greater annual load shifts. In response to this directive, the CAISO proposes providing SWP with the option of using the five-year average historical load information and states that it will include this option in its Business Practice Manual for CRRs. According to the CAISO, it has received and accepted historical load information, which it will use to determine historical grid usage, as requested by SWP. The CAISO asserts that this addresses SWP's concerns such that no further compliance is required.

47. The CAISO also states that in the June 25 Compliance Order, the Commission accepted its commitment to address participating load in the Priority Nomination Process and required it to coordinate efforts with SWP to develop tariff language that addresses this issue. The CAISO states that it has not had discussions with SWP to develop specific language; however, it has, instead, used the language proposed by SWP to formulate tariff language that the CAISO believes addresses SWP's concerns. The CAISO asserts that this modification provides certainty that the sinks of a participating load are eligible for nomination in the Priority Nomination Process.

Comments and Protests

48. SoCal Edison seeks clarification regarding the CAISO's inclusion of SWP's eligible load metric provisions in the Business Practice Manuals and the language allowing SWP to use either its five-year average historical load data or prior year's historical load for calculating its load metric. SoCal Edison states that the Commission has consistently held that an Independent System Operator's, ISO, Tariff must contain

any provisions that significantly affect rates, terms, and conditions. SoCal Edison claims that the eligible load metric provisions for SWP should be included in the tariff.

49. Additionally, SoCal Edison argues that that proposed language appears to allow SWP, on an annual basis, to select either its five-year average historical load or its prior year's historical load to determine its load metric. SoCal Edison acknowledges that the potentially large load swings experienced by SWP from year-to-year may require alternative methods to calculate the load metric for SWP. However, SoCal Edison argues that SWP should not be allowed an annual election of the best choice, but rather the option to use a five-year average should be a one time election prior to the first allocation of CRRs.

50. SWP filed comments in support of the CAISO's revisions to the Business Practice Manuals that allow it to use the five-year average historical load information for CRR allocations. SWP states that this addition will appropriately accommodate the fluctuations inherent to its system. SWP also supports the CAISO's proposal to provide that participating load sinks be eligible for nomination in the Priority Nomination Process.

Answer

51. The CAISO agrees with SoCal Edison that for calculating CRR eligibility, SWP should not have the option each year to choose between using either its five-year average historical load or its prior year's historical load.

52. Accordingly, the CAISO proposes to include clarifying language in its tariff that will implement the five-year historical average for determining SWP's load metric, which will apply in all years and will not provide SWP with an opportunity to elect on a year-to-year basis whether to use the five-year average or the most recent year.

Determination

53. We agree with SoCal Edison that the provisions governing SWP's eligible load metric should be included in the tariff. SoCal Edison also expresses concern that SWP should not be afforded an annual election of using either its five-year average historical load or its prior year's historical load to determine its load metric. The CAISO's Answer acknowledges SoCal Edison's concerns and proposes to add clarifying language to its tariff that specifies that SWP's five-year average historical load will be used to determine its load metric. We find that the CAISO's proposed modification to its tariff, which clarifies how SWP's load metric will be determined, adequately addresses SoCal Edison's concerns. Without such a limitation, SWP could game the CRR allocation

process by relying on the prior year's historical load when beneficial but switching to the five-year average when that produces a more favorable result. Accordingly, we accept the CAISO's proposal, subject to modification, and direct the CAISO to file within 30 days of the issuance of this order, tariff sheets that incorporate the clarifying language discussed above.

d. Load Forecast

Proposal

i. Synchronizing the Need to Make Mid-Year Adjustment to CRR Holdings

54. In the July 6 Order, the Commission directed the CAISO to include details demonstrating how the timing of the resource adequacy load ratio share calculation will be synchronized with the need to make mid-year adjustments to CRR holdings. The CAISO explains that apart from transfers of allocated CRRs to reflect load migration, the primary means to make mid-year adjustments to LSEs' allocated CRR holdings is through the monthly CRR allocation process. The CAISO points out that unlike the annual CRR allocation process, which uses historical load data as the basis for determining LSEs' seasonal eligible quantities, the monthly CRR allocation uses load forecasts for determining monthly eligible quantities, thereby providing LSEs with the opportunity to nominate and be allocated CRRs in quantities that reflect the most up-to-date estimate of their loads for the coming month. Therefore, the CAISO contends that the monthly CRR allocation is the appropriate place to validate the consistency of the CRR load forecasts with the resource adequacy load forecasts and to make necessary adjustments.³⁵

55. For CRR purposes, the CAISO states that a monthly load forecast is submitted to it by LSEs for each month in which they want to nominate monthly CRRs in the

³⁵ The CAISO proposes to revise section 36.8.2.2 of the MRTU Tariff to reflect its authority to modify an LSE's monthly CRR eligible quantity if necessary to ensure the consistency between the LSE's load forecasts used to establish monthly CRR eligible quantities and the forecasts used to establish resource adequacy requirements.

allocation process.³⁶ The CAISO provides that independent of these LSE submissions to it, on an annual basis each LSE submits a set of 12 monthly non-coincident peak load forecasts to the California Energy Commission (CEC). The CAISO explains that the CEC groups these forecasts geographically by each of the three major investor-owned utility (IOU) service territories. The CEC then applies a coincidence adjustment to the forecasts, sums them for comparison against its own forecast for each IOU territory and, if the difference exceeds a specified tolerance, it applies an adjustment to the LSE peak forecasts in order to achieve consistency. The CAISO states that on a year-ahead basis, the CEC has agreed to provide it with the non-coincident peak forecasts, which are adjusted if necessary for consistency with the IOU service territory forecasts.

56. For CPUC-jurisdictional LSEs, the CAISO provides that the year-ahead coincident peak forecast values are used for establishing LSE resource adequacy requirements, for which an LSE must demonstrate compliance in the annual year-ahead resource adequacy showing. In addition to these year-ahead values, the CAISO states that CPUC-jurisdictional LSEs provide revised non-coincident peak load forecasts to the CEC each month, 60 days before the start of the relevant month. The CAISO maintains that the only difference between the year-ahead forecasts and the 60-day ahead forecasts is an accounting for direct access load migration that occurred after the year-ahead forecasts were submitted. The CAISO states that the CEC will also provide it with these 60-day ahead non-coincident peak forecasts. For non-CPUC jurisdictional LSEs, the CAISO explains that the CEC currently receives only the year-ahead monthly non-coincident peak load forecast values to support its annual supply adequacy report, and not the updated monthly forecasts.

57. The CAISO proposes to use, for consistency, the 60-day ahead forecasts from the CEC for CPUC-jurisdictional LSEs, and the year-ahead forecasts from the CEC for the non-CPUC jurisdictional LSEs. The CAISO asserts that this approach is appropriate because the monthly LSE forecast data submitted to it for CRR purposes should be consistent with the year-ahead CEC forecasts, except for the effect of direct access load migration. Because direct access load migration is the only source of change between the year-ahead and the 60-day ahead CEC forecasts for the jurisdictional LSEs, and because the non-jurisdictional LSEs do not have direct access in their distribution territories, the

³⁶ The monthly load forecast consists of hourly load values for all hours of the month. The deadline for submitting such load forecasts will be specified in the CRR Business Practice Manual, but will be at least 30 days prior to the start of the month for which CRRs will be nominated.

CAISO contends that the forecast data submitted to it by both groups of LSEs will be treated consistently and subject to the appropriate comparison.³⁷

Comments and Protests

58. SWP states that the CAISO's proposal to allow only CPUC-jurisdictional LSEs to use the 60-day ahead forecast from the CEC to calculate adjustments to the LSE's monthly CRR forecasts is discriminatory to non-CPUC jurisdictional LSEs. SWP explains that its forecasts are subject to considerable fluctuations that are beyond its control, and asserts that the CAISO should accept and use SWP's updated monthly resource adequacy forecast for making adjustments to SWP's monthly CRR forecasts. SWP notes that it has worked with the CAISO to develop a solution to this issue, and was advised by the CAISO to present its concerns to the Commission to help facilitate discussion. SWP requests that the Commission direct the CAISO to use its 60-day ahead resource adequacy requirements monthly forecasts that it provides to the CEC for adjusting its monthly CRR forecasts that are used in determining its monthly eligible quantity.

59. AReM states that it supports the CAISO's effort to ensure consistency between monthly load forecasts submitted for resource adequacy and those submitted for CRR allocation. Although it does not oppose the CAISO's approach, AReM is concerned about using load forecasts to enforce consistency when they have different purposes and different bases for calculation. For example, AReM points out that the resource adequacy load represents capacity estimates, whereas CRR-related load are energy forecasts. AReM explains that CRR forecasts are meant to reflect the actual energy loads LSEs expect for the month. Further, AReM points out that the timing of the load forecasts for resource adequacy and CRRs differ.

³⁷ The CAISO explains that if the peak-hour value of an LSE's forecasted hourly load data submitted to the CAISO for a particular month is "X" MWh, and the non-coincident peak forecast provided by the CEC for that LSE for the same month is "Y" MWh, the CAISO will multiply all the hourly values of the data submitted to it by the LSE by the factor Y/X, and use the resulting adjusted hourly load values for purposes of calculating the LSE's eligibility for allocation of monthly CRRs. The CAISO concludes that with this adjustment the LSE load forecasts used for CRR eligibility will be made consistent with the LSE load forecasts used for resource adequacy requirements. CAISO Amendments at 20-21.

60. AReM also states that it is willing to move forward with the current proposal with the understanding that the CAISO will include a provision in the Business Practice Manuals accepting, for CRR allocation purposes, revised resource adequacy load forecasts from LSEs once they have been verified by the CEC.

Answer

61. The CAISO states that it does not object to SWP using the updated 60-day ahead resource adequacy forecasts it supplies to the CEC for the purposes of determining its eligibility for monthly CRRs, so long as the CEC actually receives and verifies SWP's submissions in a time frame compatible with the CAISO's monthly CRR process.

62. The CAISO states that it will use the revised non-coincident peak load forecasts supplied to the CEC for resource adequacy purposes on a monthly basis 60 days prior to the start of the relevant month. The CAISO claims that the use of the revised non-coincident peak load forecasts supplied to the CEC for resource adequacy purposes resolves AReM's concerns.

Determination

63. We agree with SWP that non-CPUC jurisdictional LSEs should not be precluded from using a 60-day ahead forecast that is verified by the CEC. In determining the quantity of monthly CRRs that LSEs are eligible to nominate, the CAISO should use the most accurate information that is timely available. SWP expresses concerns that its forecasts are subject to considerable fluctuation and desires to submit 60-day ahead forecasts, which it provides to the CEC, for adjusting its monthly CRR eligible quantity. If SWP can provide the CAISO with a more up-to-date CEC-approved load forecast, there is no reason before us that indicates this forecast should not be used by the CAISO. Further, we note that the CAISO does not object to SWP using the updated 60-day ahead resource adequacy forecasts it supplies to the CEC, so long as the CEC receives and verifies SWP's submissions in a timely manner that is compatible with the CAISO's monthly CRR process. Accordingly, we accept the CAISO's commitment to use a 60-day forecast from non-CPUC jurisdictional LSEs that is verified by the CEC, and direct the CAISO to file within 30 days of the issuance of this order tariff language permitting the use of this forecast.

64. In response to AReM's concerns, the CAISO reiterates that it "will use the revised non-coincident peak load forecasts supplied to the CEC for [resource adequacy] purposes

on a monthly basis 60 days prior to the start of the relevant month.”³⁸ We find that the use of non-coincident peak load forecasts addresses AReM’s concern because it reflects the actual energy loads LSEs expect for the month. Additionally, we note that Business Practice Manuals section 1.1.1.2.1 provides that the CAISO will collect each LSE’s 60-day ahead non-coincident peak forecast as submitted to the CEC. Accordingly, we accept the CAISO’s proposal in this regard.

2. Guideline 6

[An LTTR] held by a [LSE] to support a service obligation should be re-assignable to another entity that acquires that service obligation.

65. The Commission stated that Guideline 6 is intended to comply with section 217(b)(3)(A) of the FPA, which requires that transmission rights be transferable to successors in order to ensure that they follow migrating load. The Final Rule provides transmission organizations and stakeholders flexibility to determine the specific rules governing firm transmission rights that follow migrating load. The Final Rule specifies that this applies to transmission rights which are allocated preferentially to an LSE in accordance with Guideline 5.³⁹ Guideline 6 also allows for the trading of transmission rights.

a. Load Migration

Proposal

66. In the July 6 Order, the Commission directed the CAISO to implement, with regard to load migration and CRRs, a request by stakeholders that the CAISO take on the responsibility of performing the transfers according to clearly-specified procedures.

i. Tracking of Load Migration by the CAISO

67. On a monthly basis, the CAISO proposes to track the transfer of load from one LSE to another due to load migration. The CAISO maintains that if a single LSE has either lost or gained load from multiple LSE(s), each load loss or load gain of the LSE will be tracked separately. The CAISO explains that the tracking of load migration is dependent on receiving adequate data on the movement of customers.

³⁸ CAISO Answer at 23.

³⁹ Final Rule, FERC Stats. & Regs. ¶ 31,226 at P 357.

68. In order to receive adequate data, the CAISO states that it has coordinated with the CPUC and the CEC to develop a submission method for information on customer migration between LSEs. The CAISO provides that the minimum submitted information will include the following: (1) customer identification information; (2) information establishing the customer's retail customer class; (3) the name of the original and new LSEs serving the customer; (4) the effective date of the load migration; and (5) the customer's most recent 12 months of billing data. The CAISO states that the new CRRs that are allocated due to load migration will become effective on the first day of the first month in which the load migration is effective by the first of the month.

ii. Adjustments to Annual CRR Eligible Quantity

69. Under the CAISO's proposal, an LSE who loses or gains net load through load migration will have its annual eligible quantity of CRRs reduced or increased, in the next annual CRR allocation, in proportion to the net load lost or gained through load migration. In addition, the CAISO explains that an LSE that loses or gains load through load migration will have its eligible quantities in the Priority Nomination Process reduced or increased, respectively, in proportion to the amount of load lost or gained.

iii. Adjustments to Current CRR Holdings

70. The CAISO provides that it will make adjustments to current CRR holdings between allocations to reflect the net amount of load that has migrated between two LSEs. According to the CAISO, this adjustment will be performed by creating and allocating equal and opposite sets of new CRRs for each pair of LSEs affected by load migration. Under this proposal, the load-gaining LSE will receive a set of new CRRs, in the same MW quantities as the net amount of the load that migrated to it. These new CRRs will match the sources and sinks of all the CRRs previously allocated to the net load-losing LSE. The CAISO states that the load-losing LSE will then receive a set of offsetting CRRs that are opposite in direction to each of the CRRs allocated to the load-gaining LSE.

71. The CAISO explains that the load-losing LSE will continue to hold its pre-assignment CRRs even after the offsetting CRRs are assigned. As noted above, the CAISO also proposes that the load-losing LSE not be able to nominate, in the Priority Nomination Process, either the seasonal CRRs corresponding to the new CRRs allocated to the load-gaining LSE or the offsetting CRRs allocated due to load migration. In

contrast, the CAISO proposes allowing the load-gaining LSE to nominate its new CRRs in the Priority Nomination Process for the next annual CRR allocation.⁴⁰

72. The CAISO claims that there are advantages to reflecting the load migration in this manner. First, the CAISO explains that the creation and allocation of equal and opposite sets of new CRRs for each pair of LSEs affected by load migration results in a net zero impact on other outstanding CRRs. Second, the CAISO claims that some of the tracking burdens are eased because the allocated CRRs held by the load-losing LSEs are not transferred. The CAISO elaborates that this approach avoids the difficulties of trying to track an allocated CRR that has been auctioned or bilaterally sold by a load-losing LSE.

iv. Transfer of the Financial Equivalent of CRRs

73. The CAISO states that the June 25 Compliance Order accepted its agreement to include SoCal Edison's proposed language concerning the transfer of the financial equivalent of CRRs. However, the CAISO asserts that under its current proposed methodology for effectuating the transfer of the CRRs due to load migration there is no longer the option that parties transfer the financial equivalent of the CRRs in fulfillment of the required transfer. For this reason, the CAISO contends that the language proposed by SoCal Edison is no longer applicable.⁴¹

Comments and Protests

74. SoCal Edison objects to the CAISO's inclusion of the AReM proposal for load migration because it is based on a faulty correlation to expiring existing transmission

⁴⁰ AReM proposed to allow LSEs that gain load through load migration to request CRRs in the Priority Nomination Process. The Commission directed that if the CAISO did not adopt AReM's proposal, the CAISO was to make a compliance filing no later than August 3, 2007 explaining why it was not appropriate to do so. According to the CAISO, a load-gaining LSE may nominate new seasonal CRRs in the Priority Nomination Process of the next annual CRR allocation process. Thus, the CAISO asserts that no further compliance obligation exists with regard to AReM's proposal. CAISO Amendments at 9 (citing July 6 Order, 120 FERC ¶ 61,023 at P 212).

⁴¹ In its July 6 Order, the Commission also required the CAISO to include the phrase "adjusted for prior load migration" in section 36.8.5.2 of the MRTU Tariff. July 6 Order, 120 FERC ¶ 61,023 at P 211. The CAISO argues that this compliance obligation is no longer necessary due to its modified proposal.

contracts (ETC) rights, and it inappropriately favors load-gaining LSEs. SoCal Edison explains that the CAISO's proposal seeks to treat load migration in a similar manner as expiring ETCs. SoCal Edison disagrees with this comparison because, unlike ETC conversions to CRRs, there is no reason to conclude that migrating load will continue to face the same congestion risks when it is likely to be served by different energy sources. SoCal Edison argues that the proposal inappropriately allows load-gaining LSEs to use priority nomination rights even when they may not have a need for these rights, while at the same time denying load-losing LSEs priority rights even when they have a continuing need to hedge existing resources.

75. Similarly, the CPUC expresses concerns that load-losing and load-gaining LSEs do not have equal priority under the CAISO's proposal. The CPUC sets forth two possible solutions to this issue. The first would allow load-losing and load-gaining LSEs equal access in the tiers following the Priority Nomination Process without inserting a dummy CRR nomination. The CPUC explains that the risk that neither party could obtain the CRRs is outweighed by the gains in equity and effective hedging provided. A second option would be for the CAISO to solicit confidential commitments from the load-losing and load-gaining LSEs as to whether they would nominate the CRRs transferred due to load migration. The CPUC states that if either LSE committed to nominating the CRRs, then the CAISO could insert the dummy request into the Priority Nomination Process, thereby making the CRRs available in the next tier. The CPUC contends that in the next tier, both the load-losing and load-gaining LSE will have an equal opportunity to request the CRRs transferred due to load migration.

76. PG&E also disagrees with allowing LSEs that acquire CRRs due to load migration to nominate the new CRRs in the Priority Nomination Process. PG&E states that load-gaining and load-losing LSEs should be placed on equal footing in their effort to acquire CRRs that have been affected by load migration. PG&E contends that the tariff provisions allowing load-gaining LSEs to nominate the acquired CRRs in Tier 1, but only allowing load-losing LSEs to nominate to recover lost CRRs in Tier 2, are "not required by Commission order, and are ill advised."⁴² PG&E states that having both parties nominate CRRs for load that has migrated in Tier 2 is more appropriate. PG&E notes that it is not disputing the CRR pro rata reallocation process.

77. AReM filed comments in support of the CAISO's load migration proposal. AReM states that allowing load-gaining LSEs to request CRRs in the Priority Nomination Process will ensure non-discriminatory access to the Priority Nomination

⁴² PG&E Comments, August 10, 2007 at 2.

Process for all similarly-situated LSEs. AReM supports the CAISO's decision to continue with pro rata transfers of CRRs to the LSEs gaining load and to reject the proposal, made by some stakeholders, to allow load-losing LSEs to elect which CRRs are eligible for transfer.

78. PG&E requests that the MRTU Tariff be modified to clarify that CRR transfers will occur prospectively from the beginning of the appropriate calendar month. PG&E explains that allowing transfers to occur at other times during the month would be administratively burdensome and elaborates that it would not make sense to transfer CRRs retrospectively.

79. PG&E also points out that the CAISO does not explain how it will translate the level of load transferred between LSEs into the pro rata adjustment of CRRs. PG&E states that it does not object to the CAISO's proposal on this matter and notes that the CAISO's Business Practice Manuals should address the issue. PG&E reserves the right to comment on this issue when it is proposed in the Business Practice Manuals.

Answer

80. The CAISO states that its approach to CRR transfer due to load migration is based on the idea that a proportionate or pro rata portion of the financial value – not the MW quantity – of the allocated CRRs should be transferred from a load-losing LSE to a load-gaining LSE. The CAISO claims that the Commission has accepted that allocated CRRs belong to load. In this regard, the CAISO determines each LSE's eligibility for CRR allocation in proportion to the quantity of load it serves that is exposed to congestion charges via its use of the CAISO Controlled Grid. Additionally, the CAISO claims that the Commission has rejected proposals to allow a load-losing LSE to exempt specific CRRs from the required transfer as not being consistent with a valued-based approach.

81. The CAISO confirms that PG&E, SoCal Edison, and the CPUC are correct that allowing a load-gaining LSE to nominate the acquired CRRs in the Priority Nomination Process constitutes a change from the earlier tariff provisions, and asserts that the change is a result of the stakeholder process on CRRs and load migration. Specifically, the CAISO states that this change recognizes that the renewability of allocated CRRs is a key element of their value to the LSE, and consequently, their value to the load represented by the LSE. The CAISO argues that this is especially the case in a CRR market structure that includes both long and short-term CRRs.

82. The CAISO states that it is reasonable to assume that a load-losing LSE will continue to use its same supply resources to serve its remaining load,⁴³ and a load-gaining LSE will typically not be using an identical set of supply resources that the load-losing LSE uses to serve its load. However, the CAISO argues that these considerations do not show that its proposal to allow only the load-gaining LSE to nominate the transferred CRRs in the next year's Priority Nomination Process creates an unfair disadvantage for the load-losing LSE.

83. The CAISO asserts that allowing a load-gaining LSE to nominate the transferred CRRs in the Priority Nomination Process is needed to make sure that a load-gaining LSE will receive the value of the new CRRs allocated due to load migration. The CAISO provides that its original proposal, filed in February 2006, addressed this requirement. However, since that time the CAISO states that it has identified an issue that necessitates revision. The CAISO argues that if the revised rules were to allow both the load-gaining and load-losing LSE to nominate the transferred CRRs in the Priority Nomination Process, or if the revised rules were to allow neither LSE to nominate the transferred CRRs in the Priority Nomination Process, the load-gaining LSE may not be able to obtain the full amount of CRRs associated with the migrated load for the first year after the load migration.

84. The CAISO contends that SoCal Edison, PG&E, and the CPUC ignore the fact that a load-gaining LSE will have a reduced chance of obtaining the value of the transferred CRRs in Tier 2 than it would if it were able to nominate the CRRs in the Priority Nomination Process. The CAISO maintains that when CRR availability is limited by binding transmission constraints, in the absence of a mechanism to provide priority access to CRRs by LSEs that gain net load through load migration, customers that choose to migrate to the retail service of another LSE risk losing some of the CRR coverage they had before migrating. The CAISO asserts that its February 2006 proposal addressed this problem through the insertion of placeholder CRRs into the Priority Nomination Process which correspond to the CRRs transferred due to load migration, followed by the removal of the placeholder CRRs prior to starting Tier 2, and an increase in each net-load-gaining LSE's Tier 2 eligible quantity.

⁴³ A load-losing LSE generally will not transfer pro rata portions of its supply portfolio to the load-gaining LSE when load migrates, and the load-losing LSE may therefore want to replace the CRRs it lost due to the required CRR transfer. CAISO Answer at 5.

85. The CAISO provides that after this filing, it recognized that part of the proposal may have the adverse unintended consequences of rendering some of the CRRs awarded in the Priority Nomination Process infeasible going into Tier 2. The CAISO reasons that its current proposal better preserves the principle that CRRs are allocated for the benefit of end-use customers, and the consequent market design principle that when customers migrate between LSEs their migration should be accompanied by a proportional transfer of the value of the CRRs allocated to the load-losing LSE.

86. In response to the CPUC's suggestion that it solicit confidential commitments from load-losing and load-gaining LSEs as to whether they would nominate the CRRs transferred because of load migration, the CAISO argues that the CPUC's suggestion is essentially equivalent to allowing both LSEs to nominate these CRRs in the Priority Nomination Process. Additionally, under this two-step process, the CAISO states that there would be some risk that the removal of the CAISO-nominated CRRs would result in some infeasibility of the other Priority Nomination Process-awarded CRRs at the start of Tier 2. The CAISO elaborates that this may cause the Tier 2 results for load migration CRRs to differ from the Priority Nomination Process results. Consequently, the CAISO asserts that the CPUC proposal adds risk and administrative burden; however, the CAISO submits that the outcome would probably be roughly the same.

Determination

87. We accept the CAISO's CRR proposal regarding load migration as filed. Further, we find that the CAISO's proposal to permit load-gaining LSEs access to the Priority Nomination Process is in compliance with the Commission's July 6 Order. In that order, in response to a request by AReM to allow load-gaining LSEs to request CRRs in the Priority Nomination Process, we accepted the CAISO's suggestion to include AReM's proposal in the upcoming stakeholder process.⁴⁴ We stated that if AReM's proposal is not adopted by the CAISO and its stakeholders, the CAISO must make a compliance filing that explains why it was not appropriate to do so. In the instant proceeding, the CAISO has filed tariff sheets to implement AReM's proposal. We accept this proposal and find that load-losing LSEs are not disadvantaged by it.

88. In the Order Denying Rehearing, we addressed, in detail, the reallocation of CRRs due to load migration. Because this is an order on compliance and the CAISO has complied with the directives established in the July 6 Order, we find that that the rehearing is the appropriate forum for addressing this issue and, accordingly, decline to

⁴⁴ See July 6 Order, 120 FERC ¶ 61,023 at P 212.

consider the merits of this issue in the instant proceeding. Moreover, we accept the CAISO's proposal, permitting only the load-gaining LSE the right to nominate a percentage of each CRR held by the load-losing LSE in the Priority Nomination Process, as being consistent with the goals established in the July 6 Order.

89. We also disagree with PG&E that the CAISO's filed tariff language exceeds the Commission's directive. As noted above, the Commission directed the CAISO to initiate a stakeholder process to consider AReM's proposal. Specifically, AReM's proposal allowed load-gaining LSEs the right to nominate acquired CRRs in the Priority Nomination Process and did not preclude the CAISO from proposing to allow only the load-gaining LSE to nominate in the Priority Nomination Process. We find that the CAISO's filing complies with the Commission's directive. Further, we find that allowing only the load-gaining LSEs to nominate CRRs in the Priority Nomination Process is a reasonable allocation rule that ensures that load-gaining LSEs can appropriately hedge themselves against the congestion charges they will incur due to migrating load.

90. With respect to SoCal Edison's proposed language concerning the transfer of the financial equivalent of CRRs, we agree with the CAISO that its proposed methodology for effectuating the transfer of the CRRs due to load migration does not allow parties the option to transfer the financial equivalent of the CRRs in fulfillment of the required transfer. Accordingly, we agree that the language proposed by SoCal Edison is no longer applicable. In response to PG&E, we find that MRTU Tariff section 36.8.5 clearly provides that migration will be reflected in subsequent annual and monthly CRR allocations.

b. Insufficient Credit Requirements for Load-losing LSEs
Proposal

91. The CAISO states that an LSE receiving CRRs through load migration must still satisfy its credit requirements. If the new CRRs, due to load migration, result in net payments to the LSE over a settlement period, and if the LSE has not met the updated credit requirements affected by the allocation of new CRRs, the CAISO states that it shall withhold payment until the updated credit requirements are satisfied. Further, the CAISO proposes that newly allocated CRRs may be placed in CRR auctions if the non-compliance with credit or financial security requirements is persistent.

Comments and Protests

92. The CPUC states that the CAISO's credit policy is in need of revision due to the changes made concerning load migration. The CPUC notes that it did not comment on

the CAISO's credit policy at the time of filing because the currently proposed method for CRR allocation for load migration had not been developed. Specifically, the CPUC is concerned about the potential credit risks that may arise from the allocation of counterflow CRRs to load-losing LSEs to account for load migration.

93. The CPUC explains that the allocation of counterflow CRRs is meant to make sure that the load-losing LSE pays the value of the CRRs transferred to the load-gaining LSE. The CPUC points out that an LSE may sell some or all of its initial allocation of CRRs on a secondary market. According to the CPUC, in these instances the CAISO will issue the counterflow CRRs and the load-losing LSE will then make monthly payments to the CAISO.

94. The CPUC notes that the current CAISO Tariff requires a load-losing LSE to post credit for its counterflow CRRs only when it loses load, not when it sells the CRR. The CPUC argues that this credit requirement is not sufficient because the credit is posted too late, thereby creating perverse incentives for LSEs seeking to exit the CAISO markets. The CPUC claims that an LSE that anticipates it will soon be out of business may raise revenue by selling CRRs without having to immediately fulfill any credit obligations. Further, the CPUC points out that an LSE that closes its doors will not be able to pay counterflow CRR charges for positively valued CRRs that it may have sold prior to going out of business. In this instance, the CPUC contends that the CRR balancing account may be left in a net short position, which will be passed on to ratepayers. Without a credit requirement at the time of the loss of load, the CPUC claims that there is no mechanism for the CAISO to recoup the loss of income from counterflow CRRs.

95. The CPUC argues that the sale of a CRR constitutes a risk-reward relationship and that the LSE selling the CRR accepts the risk that it may lose load and become obligated to pay future costs; however, the CPUC notes that the LSE gains the immediate influx of revenue. The CPUC maintains that the current credit system externalizes the risk. Rather than forcing the LSE, which benefits from the sale, to pay the cost of posting credit for the potential counterflow CRRs, the CPUC asserts that the current system forces ratepayers to accept some of the risk on behalf of the LSE. The CPUC believes that this risk-reward balance should be borne entirely by the LSE deciding whether to sell the CRR.

96. The CPUC argues that ratepayers do not gain when LSEs sell CRRs; however, they assume additional risk, which, the CPUC believes, should be evaluated as a cost. The CPUC points out that ratepayers have no say in an LSE's decision to sell CRRs. Further, the CPUC claims that subsidization of LSE risk by ratepayers creates a market distortion. The CPUC explains that selling a CRR without a credit requirement to cover the risk of load shift and allocation of counterflow CRRs effectively transfers the cost of

this risk from the LSE to its ratepayers. The CPUC states that this cost should be deemed to be a part of the financial value of the CRR. The CPUC believes the only way to make sure that the value is internalized to the initial CRR holder is by requiring the initial CRR holder to post credit upon the sale of the CRR.

97. The CPUC explains that a CRR seller will demand a higher price for its CRR if it is required to pay for credit to cover the CRR. In this instance, the CPUC asserts that the cost of credit may be integrated into market transactions in CRR sales. The CPUC provides that otherwise ratepayers are subsidizing a portion of the cost that a seller should be demanding from a buyer, resulting in a distortion in the market towards more active selling of congestion hedges. The CPUC asserts that an incentive to sell hedges may motivate LSEs to not hedge their long-term supply arrangements, exposing them, and ratepayers, to more risk.

98. The CPUC maintains that this problem may be resolved by the CAISO establishing a credit requirement that is due at the time of the sale of an allocated CRR. The CPUC recognizes that determining the level of credit required is a complicated process. For this reason, the CPUC does not suggest an appropriate level of credit that should be required for the CAISO to appropriately secure against the risks it describes. Instead, the CPUC recommends that the CAISO conduct a review of the risks and propose a solution that would avoid the negative effects that it describes.

99. The CPUC asks that the Commission direct the CAISO to instruct its risk auditor to conduct a review of the risks it identified and issue a recommendation for a credit requirement. Additionally, the CPUC asks that this requirement be included in the tariff. In the event that the Commission denies this request, the CPUC states that the CAISO should be ordered to modify the tariff language to expressly state that it will revisit the issue of credit requirements if direct access reopens in California.

Answer

100. The CAISO opposes the establishment of an additional credit requirement upon the sale of an allocated CRR by an LSE. The CAISO states that although it understands the logic behind such an additional credit requirement, the limited potential impact of the CPUC's concern under the rules does not justify the "potentially substantial complexity involved in designing and implementing an additional credit requirement."⁴⁵ However, the CAISO commits to revisit the issue in the future if direct access in California is

⁴⁵ CAISO Answer at 21-22.

significantly expanded or sooner, upon indication that the risks between LSEs warrant increasing credit requirements.

Determination

101. The Commission finds that the proposal by the CPUC to establish an additional credit requirement upon the sale of an allocated CRR by an LSE, has been superceded by the CAISO's filing in Docket No. ER08-1059-000, in which the CAISO proposes establishing additional credit requirements.⁴⁶ For this reason, the Commission defers consideration of the CAISO's proposal with regard to credit collateral requirements to the ER08-1059-000 proceeding.

3. Miscellaneous Issue: Modeling of Transmission Outages

Proposal

a. Defining Significant Transmission Outages

102. The CAISO states that the criteria for identifying significant transmission outages that would have a significant effect on CRR revenue adequacy is still under development with stakeholders and, upon completion, will be included in the Business Practice Manuals for CRRs. Additionally, the CAISO asserts that the criteria for significant transmission outages requires that for planned outages of transmission facilities that have a significant effect on the grid, participating transmission owners, under the existing MRTU Tariff, must submit outage requests to the CAISO at least 30 days in advance of the month in which the outage is planned.

103. The CAISO states that it is working with the Transmission Maintenance Coordinating Committee to define the transmission facilities that would significantly impact revenue adequacy, as related to CRRs, if they were taken out of service. The CAISO further explains that the proposal is intended to provide flexibility within the month to move outages without significantly impacting CRR revenue adequacy. The CAISO's current proposal defines a significant facility as "having significant impact to CRRs when the outage of such a facility impacts the capacity of the electrical system."⁴⁷

⁴⁶ The Commission notes that the CPUC has not filed a protest concerning the credit collateral requirement in Docket No. ER08-1059-000.

⁴⁷ CAISO Amendments at 10.

These facilities include the following: (1) all transmission facilities rated at or above 200 kV; (2) all transmission facilities that are part of any defined flow limit as described in a CAISO transmission operating procedure; and (3) any transmission facility that was out of service in the last three years and for which the CAISO determined a special flow limit was needed for real-time operation.⁴⁸

104. The CAISO provides that the criteria adopted will establish a list and/or definition of the significant facilities that meet at least one of the criteria being considered and to which the 30-day requirement applies. Also, the CAISO anticipates that once this list is created it will be stable and will not change except as new facilities may be added to the grid or other facilities are determined by experience to have a significant impact on the revenue adequacy for CRRs. The CAISO reiterates that participating transmission owners will be required to submit outage requests for significant facilities to it at least 30 days in advance of the month in which the outage is planned, regardless of the planned duration of the outage.

105. According to the CAISO, the 30-day requirement is not meant to preclude needed maintenance on facilities in cases where an outage request was not made 30 days in advance. Rather, the CAISO explains that the 30-day requirement that will be described in the Business Practice Manuals will specify exceptional circumstances in which the CAISO will approve outage requests without classifying them as forced. Also, the CAISO notes that it intends to continue to refine this proposal through stakeholder discussions. The CAISO provides that the final methodology will be provided in a timely manner so that it receives the planned outage information in time for it to be reflected in the second monthly CRR release process.

b. Clarification Regarding How Unplanned Outages are Reflected in the Release of Monthly CRRs

106. The CAISO provides that, under the MRTU Tariff the DC Full Network Model is used to calculate monthly available CRR capacity and provides for adjustments to compensate for the expected impact of outages that are not required to be scheduled 30 days in advance or are planned. The CAISO elaborate that this refers to both outages planned with less than 30 days notice but more than 72 hours notice and unplanned outages. The CAISO proposes revisions to section 36.4 of the MRTU Tariff to specify that adjustments will be made for the impact of unplanned transmission outages.

⁴⁸ *Id.*

c. **Accounting for Transmission Outages in the Release of Monthly CRRs for the First Month of MRTU**

107. The CAISO proposes tariff revisions concerning the issue that the first CRR allocation and auction covering February 2008 will take place in October 2007, nearly three months before planned outage information is available to the CAISO under the 30-day advance notice rule.⁴⁹ The CAISO proposes, that in order to account for any planned or unplanned outages that may occur for the first month of CRR Year 1, to derate all flow limits, including transmission interface limits, and normal thermal limits based on a statistical factor provided in the Business Practice Manuals.

Comments and Protests

108. PG&E states that the criteria for defining significant transmission outages is very important to participating transmission owners because it directly impacts their ability to plan and implement, in a cost effective manner, transmission maintenance outages. PG&E agrees that outage requests that have a significant effect on CRR revenue adequacy should be submitted to the CAISO in advance of the month in which the outages are planned to help assure CRR revenue adequacy. PG&E asserts that the current CAISO proposal is not satisfactory because it can be read as requiring participating transmission owners to schedule outages of transmission facilities rated at or above 200 kV regardless of whether those transmission facilities have a significant impact on grid capacity. PG&E states that, since the CAISO has not filed final language regarding the reporting of outages, it reserves the right to comment on the adequacy of the conditionally accepted tariff language in section 9.3.6.2 of the MRTU Tariff and what criteria, with respect to the definition of significant transmission outages, is appropriate for inclusion in the Business Practice Manuals.

Determination

109. In a recent Commission order,⁵⁰ the CAISO was directed to include in the MRTU Tariff, a section of its Business Practice Manual for Congestion Revenue Rights (BPM for CRRs). This section details its “30-day rule” exemption policies. The “30-day rule” requires participating transmission owners to notify the CAISO 30 days in advance of all planned outages for facilities rated above 200 kV. The CAISO’s criteria for exempting a

⁴⁹ *See id.* at 12 (This auction did in fact take place).

⁵⁰ *Cal. Indep. Sys. Operator Corp.*, 122 FERC ¶ 61,271 at P 68 (2008).

transmission facility targets transmission facilities that fall under the general definition for significant facilities,⁵¹ but do not actually impact CRR revenue adequacy. This section also describes the procedure that each participating transmission owner would apply to determine if any particular significant facility can be put on the exception list. For significant facilities on the exception list, the participating transmission owner does not need to adhere to the 30-day rule.

110. We find that the addition of this tariff language resolves PG&E's concern that the CAISO MRTU Tariff can be read as requiring participating transmission owners to schedule outages of transmission facilities rated at or above 200 kV regardless of whether those transmission facilities have a significant impact on grid capacity. The modified language will give a transmission owner the opportunity to prove that a significant facility does not have a significant impact on grid capacity, thereby qualifying for exemption from the 30-day notification rule.

The Commission orders:

The CAISO's Tariff revisions relating to short-term and long-term CRRs are hereby conditionally accepted, subject to the CAISO submitting a compliance filing within 30 days of the date of this order, as discussed in the body of the order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁵¹ *See supra* P103.