

132 FERC ¶ 61,153
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

California Independent System Operator Corp. Docket No. ER08-1113-008

ORDER ON COMPLIANCE

(Issued August 23, 2010)

1. In this order the Commission accepts in part and rejects in part the April 28, 2010 compliance filing¹ submitted by the California Independent System Operator Corporation (CAISO) concerning Market Efficiency Enhancement Agreements (MEEA) and directs the CAISO to submit a further compliance filing.

I. Background²

2. On June 17, 2008, the CAISO filed a proposal establishing an integrated balancing authority area (IBAA) and applying the IBAA model to price import and export transactions between the CAISO and the Sacramento Municipal Utility District (SMUD) and Turlock Irrigation District (Turlock) balancing authority areas.

3. On April 1, 2010 the Commission conditionally accepted the CAISO's January 19, 2010 compliance filing concerning MEEA issues.³ The CAISO submitted its April 28 MEEA Compliance Filing as required by the Commission, and parties filed comments.

¹ CAISO April 28, 2010 Compliance Filing (April 28 MEEA Compliance Filing).

² For a more detailed description of this matter's background, see *Cal. Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,271 (2008) (September IBAA Order).

³ *Cal. Indep. Sys. Operator Corp.*, 131 FERC ¶ 61,001 (2010) (April 1 MEEA Compliance Order).

II. Notice of Filing and Responsive Pleadings

4. Notice of the April 28 MEEA Compliance Filing was published in the *Federal Register*, 75 Fed. Reg. 25,223 (2010), with comments, protests, or interventions due on or before May 19, 2010. IBAA Entities⁴ and Western Area Power Administration (Western) timely filed comments. The CAISO filed an answer to the comments.

III. Discussion

A. Procedural Matters

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2010), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

6. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2010), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We are not persuaded to accept the CAISO's answer and will, therefore, reject it.

B. Substantive Matters

7. In the April 1 MEEA Compliance Order, the Commission directed the CAISO to make a number of revisions to its proposed tariff language. Such revisions included: (1) removing language applying default pricing to a MEEA transaction while a CAISO challenge to a MEEA signatory's self-certification is pending, (2) removing certain language requiring a MEEA signatory to demonstrate that the resource supporting the MEEA interchange transaction is not originating from the Pacific Northwest or other Balancing Authority Area outside of the IBAA, (3) revising the last sentence of tariff section 27.5.3.2.2 to remove reference to verification requirements and to make certain specific changes to the sentence, (4) clarifying that parties may negotiate alternatives to the historical average distribution generation factors of MEEA resources if a different structure more accurately reflects the location of an IBAA resource, (5) clarifying that a MEEA signatory is not *required* to provide marginal cost information to support its self-certification and may support its self-certification with other information.⁵

⁴ IBAA Entities includes the Sacramento Municipal Utility District, Transmission Agency of Northern California, Turlock Irrigation District, Modesto Irrigation District, and the Cities of Santa Clara, Redding, and Palo Alto.

⁵ April 1 MEEA Compliance Order.

The April 28 MEEA Compliance Filing complies with all of the Commission's above directions with the exception of the revisions to the last sentences of section 27.5.3.2.2. Therefore, the Commission rejects the CAISO's proposed revisions to the last sentence of section 27.5.3.2.2, as discussed below, and accepts the remaining provisions proposed by the CAISO.

Verification Requirement Compliance Filing

8. In the April 1 MEEA Compliance Order, the Commission determined that the final sentence of tariff section 27.5.3.2.2 appeared to reference the previously rejected verification requirements. The Commission directed the CAISO to submit a compliance filing revising the sentence consistent with alternate language that read,

For any portion of an interchange transaction for which the MEEA Entity has not self-certified that the resources were used to support interchange transactions, the default IBAA price specified in Appendix C, Section G.1.1 will apply for the corresponding volume and time period.⁶

9. In its April 28 MEEA Compliance Filing, the CAISO proposes tariff language to address the concerns regarding the last sentence in tariff section 27.5.3.2.2. The CAISO proposes the following final sentence for tariff section 27.5.3.2.2,

If the MEEA signatory does not self-certify that resources identified in the MEEA were used to support the interchange transaction, the default IBAA price specified in Appendix C, Section G.1.1 will apply to the interchange transaction.

10. The CAISO contends that the Commission-required language suggests that MEEA signatories can self-certify portions of schedules.

Protests and Comments

11. IBAA Entities and Western argue that the CAISO's April 28 MEEA Compliance Filing does not comply with the Commission's direction and could lead to operational problems.

12. Parties argue that the CAISO goes beyond the scope of the compliance filing by creating new proposed tariff language.⁷ Since the CAISO's April 28

⁶ *Id.* P 33.

⁷ IBAA Entities Comments at 3 (citing *California Power Exchange Corp.*,

MEEA Compliance Filing does not conform to the Commission's directives, parties contend that the Commission should direct the CAISO to revise the tariff language consistent with its April 1 MEEA Compliance Order.⁸

Commission Determination

13. We find that the CAISO's filing does go beyond the scope of the Commission's direction in the April 1 MEEA Compliance Order. The Commission directed the CAISO to submit a compliance filing making a specific change to the last sentence of tariff section 27.5.3.2.2 regarding applying default pricing to transactions that have not been self-certified. The CAISO's April 28 Compliance Filing does not conform to the Commission's direction.

14. Thus, the Commission rejects this portion of the CAISO's tariff language as non-compliant and directs the CAISO to make a filing within 30 days of the date of this order modifying the last sentence of tariff section 27.5.3.2.2 to read,

For any portion of an interchange transaction for which the MEEA Entity has not self-certified that the resources were used to support interchange transactions, the default IBAA price specified in Appendix C, Section G.1.1 will apply for the corresponding volume and time period.

The Commission orders:

(A) The April 28 Compliance Filing is hereby accepted in part and rejected in part, as discussed in the body of this order.

(B) The CAISO is hereby directed to submit 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.

101 FERC ¶ 61,330, at P 62,371 (2002)).

⁸ *Id.* at 3-4.