

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeem G. Kelly.

California Independent System Operator Corporation      Docket No. ER06-24-000

ORDER ACCEPTING REVISIONS TO RESPONSIBLE PARTICIPATING  
TRANSMISSION OWNER AGREEMENT

(Issued December 9, 2005)

1. In this order, we accept for filing the California Independent System Operator Corporation's (CAISO) proposal to amend the Responsible Participating Transmission Owner Agreement (RPTOA) between the CAISO and Pacific Gas and Electric Company (PG&E). We also waive the 60-day prior notice requirement of section 205 of the Federal Power Act (FPA)<sup>1</sup> so that the filing may become effective on December 1, 2005, as requested.

**Background**

2. On October 11, 2005, the CAISO filed an amendment to the RPTOA between the CAISO and PG&E. The RPTOA is a *pro forma* agreement that incorporates certain CAISO tariff provisions and specifies the responsibilities of PG&E, as a scheduling coordinator, in the CAISO control area.<sup>2</sup> Through the amendment, CAISO proposes to modify Appendix A to the RPTOA to reflect settlements and agreements reached in other Commission proceedings between PG&E and the holders of existing contracts with regard to the responsibility for scheduling the existing contracts.

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<sup>1</sup> 16 U.S.C. § 824d(d) (2000). *See also* 18 C.F.R. § 35.3(a) (2005).

<sup>2</sup> Sections 2.4.3 and 2.4.4 of the CAISO Tariff and Protocols. *See also* section 2.4.4.4.1.1 stating that, in the event of a dispute between the parties to an existing contract . . . the ISO shall implement the Participating TO's operating instructions.

3. Specifically, the CAISO proposes to amend the RPTOA to reflect that as of December 1, 2005, PG&E will no longer act as scheduling coordinator for Modesto Irrigation District (Modesto)<sup>3</sup> and Turlock Irrigation District (Turlock)<sup>4</sup> and as of December 31, 2005, PG&E will no longer serve as scheduling coordinator for the City and County of San Francisco (San Francisco).<sup>5</sup> CAISO requests an effective date of December 1, 2005, for the proposed amendment which coincides with the date of the change in scheduling responsibility for two of the three existing contracts.

4. The existing contracts with San Francisco and Modesto, through which the proposed RPTOA will be implemented, are discussed below.

### **Implementing Agreements for CAISO's RPTOA**

#### **A. PG&E/San Francisco Interconnection Agreement**

5. San Francisco supplies electric power and energy to serve its municipal load, which is located entirely within what was formerly PG&E's control area and is now within the control area operated by the CAISO.

6. PG&E and San Francisco entered into an Interconnection Agreement (IA) in 1987. The IA governs the interconnection of PG&E's and San Francisco's electric systems and the coordination of their resources and load.<sup>6</sup> PG&E also provides power and transmission services to San Francisco under the IA.<sup>7</sup> PG&E has served as scheduling

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<sup>3</sup> For Modesto, the CAISO relies on a revised interconnection agreement filed by PG&E in Docket No. ER05-1286-000. *See Pacific Gas and Electric Co.*, 112 FERC ¶ 61,348 (2005) (September 30 Order).

<sup>4</sup> For Turlock, the CAISO relies on a settlement agreement between PG&E and Turlock filed in Docket No. ER05-390-000. *See Pacific Gas and Electric Co.*, 111 FERC ¶ 61,481 (2005).

<sup>5</sup> For San Francisco, the CAISO relies on a settlement between PG&E and San Francisco filed in Docket No. ER00-565-000, *et al.* *See Pacific Gas and Electric Co.*, 112 FERC ¶ 61,076 (2005).

<sup>6</sup> San Francisco states that the current IA between San Francisco and PG&E is on file with the Commission as PG&E Rate Schedule FERC No. 114.

<sup>7</sup> Under the IA, the services that PG&E provides to San Francisco include transmission services for the delivery of energy generated at San Francisco's Hetch Hetchy hydroelectric project.

coordinator for San Francisco's existing contract since the CAISO start up. As the result of a settlement between San Francisco and PG&E in Docket No. ER00-565-000 *et al.*,<sup>8</sup> PG&E will no longer act as the scheduling coordinator for San Francisco as of December 31, 2005.

### **B. PG&E/Modesto Interconnection Agreement**

7. Modesto supplies electric power and energy and operates within the CAISO's control area. Modesto is a wholesale customer of PG&E, and PG&E is Modesto's scheduling coordinator.<sup>9</sup>

8. In Docket No. ER05-1286-000, PG&E filed a revision to the Modesto/PG&E IA. PG&E's revision included the proposal that it would no longer act as scheduling coordinator for Modesto due to Modesto's decision to incorporate its operations within the Sacramento Municipal Utility Districts (SMUD) control area. The Commission accepted the revised IA for filing, suspended it for a nominal period, to become effective upon completion of Modesto's transfer from PG&E's to SMUD's control area, subject to refund. The Commission also established hearing and settlement judge procedures.<sup>10</sup>

### **Notice of Filing and Responsive Pleadings**

9. Notice of CAISO's filing was published in the *Federal Register*, 70 Fed. Reg. 61,281 (2005), with interventions and protests due on or before November 1, 2005. A motion to intervene was filed by PG&E. The Transmission Agency of Northern California (TANC) and San Francisco filed a motion to intervene and comments. Modesto filed a motion to intervene and protest. PG&E filed an answer to the comments filed by TANC and San Francisco and the protest filed by Modesto. The CAISO filed an answer to TANC, Modesto, San Francisco and PG&E's answer. On November 23, 2005, Modesto filed an answer to PG&E and CAISO's answers.

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<sup>8</sup> See *Pacific Gas and Electric Co.*, 112 FERC ¶ 61,076 (2005).

<sup>9</sup> Modesto states that the Modesto/PG&E IA is on file with the Commission as Rate Schedule FERC No. 116.

<sup>10</sup> See *Pacific Gas and Electric Co.*, 112 FERC ¶ 61,348 (2005) (September 30 Order).

**Discussion****A. Procedural Matters**

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), the 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) (2005), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We are not persuaded to accept either PG&E's answer, CAISO's answer, or Modesto's answer to the answers of PG&E and CAISO, and will, therefore, reject them.

**B. Substantive Matters**

11. We will accept CAISO's proposed amendment to the RPTOA between CAISO and PG&E. Our review indicates that the proposed amendment appears to be just and reasonable and has not been shown to be unjust, unreasonable, unduly discriminatory or preferential or otherwise unlawful.

12. The Commission will generally grant waiver of the 60-day prior notice requirement if good cause is shown and the filing is made prior to the commencement of service.<sup>11</sup> As discussed previously, the RPTOA appropriately reflects changes implemented in the aforementioned agreements with PG&E. In this circumstance, we find good cause to grant the request for waiver of the prior notice requirement to permit the proposed amendment to become effective as requested, December 1, 2005.<sup>12</sup>

**1. Comments on San Francisco's IA**

13. San Francisco supports filing the amendment to the RPTOA and states that it is in the process of selecting another scheduling coordinator.<sup>13</sup> San Francisco contends that

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<sup>11</sup> See *Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106 at 61,339 (1992).

<sup>12</sup> As discussed above the date for Modesto's transfer to a new scheduling coordinator is upon completion of Modesto's move into the SMUD control area.

<sup>13</sup> San Francisco acknowledges that as a result of a settlement in Docket No. ER00-565-000 *et al.*, it agreed to transition to a different scheduling coordinator by December 31, 2005.

the IA was specifically crafted to avoid violating federal law, *i.e.* the Raker Act,<sup>14</sup> and thus, argues that it is critical that the IA be honored in the transition to a new scheduling coordinator. However, San Francisco clarifies that its rights under the San Francisco/P&G&E IA should continue notwithstanding the transition to a new scheduling coordinator.

14. San Francisco expresses the concern that in the event that parties to an existing contract disagree, under the terms of the RPTOA and the CAISO Tariff, P&G&E would have the right to give the CAISO instructions regarding the interpretation of the existing contract.<sup>15</sup> In support of maintaining its rights under the IA, San Francisco asks the Commission to condition its acceptance of the amendment to the RPTOA on P&G&E instructing the CAISO to honor all provisions of the IA notwithstanding the transition to a third-party scheduling coordinator.

### **Commission Determination**

15. San Francisco's request that we condition our acceptance of the amendment in the instant filing on P&G&E instructing the CAISO to honor all provisions of the San Francisco/P&G&E IA notwithstanding the transition to a third-party scheduling coordinator is outside the scope of this proceeding and, therefore, we will not address it. We believe that it is important to point out that terms specifying rights in the event of a disagreement are incorporated in the RPTOA and the CAISO Tariff. Such terms should be followed as agreed by the parties. However, San Francisco's argument is related to the interpretation of its IA, which has been accepted by the Commission in another proceeding.<sup>16</sup> The IA is thus outside the scope of the instant proceeding and we will not address it here.

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<sup>14</sup> The Raker Act bars San Francisco from selling or leasing power (or water) from the Hetch Hetchy resources to any corporation for resale, except to a municipality, irrigation district, or municipal water district. 38 Stat. 242 (1913) (Raker Act).

<sup>15</sup> Section 2.4.4.4.1.1 of the CAISO Tariff provides that, in the event of a dispute between the parties to an Existing contract, "until the dispute is resolved, and unless the existing contract specifies otherwise, the CAISO shall implement the Participating Transmission Operator's operating instructions."

<sup>16</sup> Docket No. ER05-1190-000.

## 2. Comments on Modesto's IA

16. Modesto challenges the CAISO's proposed December 1, 2005, date for Modesto's move to a new scheduling coordinator referencing the Commission's September 30 Order in Docket No. ER05-1286-000, which accepted PG&E's proposed IA filing, suspending it for a nominal period, to become effective upon completion of Modesto's move into the SMUD control area, subject to refund.<sup>17</sup> Modesto claims that the effective date as specified in the Commission's September 30 Order is not until Modesto moves its electrical operations into the SMUD control area.

17. Also, Modesto and TANC argue that the proposed amendments to the RPTOA do not relieve PG&E of its obligation to act as scheduling coordinator for Modesto's allocation of service under the South of Tesla Principles (SOTP).<sup>18</sup> According to Modesto, PG&E's scheduling obligation under the SOTP is not an issue in the proceeding established in Docket No. ER05-1286-000. Modesto claims that since it is not a signatory to the SOTP, PG&E and TANC must amend the SOTP in order to relieve PG&E of its scheduling coordinator responsibility for SOTP transactions. Modesto suggests that the Commission direct the CAISO to modify the RPTOA to reflect PG&E's scheduling obligations under the SOTP.

### Commission Determination

18. We find, consistent with the Commission's September 30 Order,<sup>19</sup> that it is appropriate that the date for Modesto's transition to a new scheduling coordinator is December 1, 2005, or upon Modesto's move into the SMUD control area.<sup>20</sup>

19. We find that PG&E's scheduling coordinator responsibility for Modesto's allocation under the SOTP is at issue in the Docket No. ER05-1286-000 proceeding and is, therefore, outside the scope of this proceeding.

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<sup>17</sup> See September 30 Order at Ordering Paragraph A (2005).

<sup>18</sup> The SOTP is an agreement between PG&E and TANC under which TANC has an allocation of firm bi-directional service over PG&E's transmission system. Pursuant to a separate agreement, TANC's entitlement is allocated to certain members, including Turlock and Modesto.

<sup>19</sup> See *Pacific Gas and Electric Co.*, 112 FERC ¶ 61,348 at Ordering Paragraph A. (2005).

<sup>20</sup> *Id.*

The Commission orders:

The amendment to the Responsible Participating Transmission Owner Agreement is hereby accepted, to become effective December 1, 2005, as discussed in the body of this order.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.