

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 No. ER06-723-004

ORDER ON COMPLIANCE FILING

(Issued June 6, 2007)

1. On February 21, 2007, the California Independent System Operator Corporation (CAISO) submitted revised tariff sheets to comply with the Commission's January 22, 2007 order regarding the CAISO's Interim Reliability Requirements Program (IRRP).<sup>1</sup> The CAISO requests that these proposed tariff revisions remain in effect until implementation of the Market Redesign and Technology Upgrade (MRTU) program. The Commission accepts for filing the proposed revisions to section 40.2.1 of the CAISO tariff, effective on May 12, 2006, and the proposed revisions to sections 40.4, 40.5.1, 40.5.2.1, and 40.5.2.2, effective on May 31, 2006, as being in satisfactory compliance with the January 22 Order.

**Background**

2. On March 13, 2006, the CAISO filed proposed revisions to its tariff to implement the IRRP, and adjust its existing operations to incorporate resource adequacy programs developed by the California Public Utilities Commission (CPUC) and other Local Regulatory Authorities (LRAs) in accordance with state mandates. On May 12, 2006, the Commission accepted the proposed tariff sheets, with modifications, and directed the CAISO to submit a compliance filing.<sup>2</sup> On June 12, 2006, as amended July 13, 2006 and July 20, 2006 (2006 Compliance Filings), the CAISO filed revised tariff sheets to comply with the May 12 Order.

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 118 FERC ¶ 61,045 (2007) (January 22 Order).

<sup>2</sup> *Cal. Indep. Sys. Operator Corp.* 115 FERC ¶ 61,172 (2006) (May 12 Order), *order on reh'g*, 118 FERC ¶ 61,045 (2007).

3. In the January 22 Order, the Commission denied requests for rehearing of the May 12 Order, but clarified that a generator may enter into a resource adequacy contract for an amount that is less than its minimum load point. The January 22 Order also considered the CAISO's 2006 Compliance Filings which, among other things: established default planning reserve margins and qualifying capacity rules for load serving entities (LSEs) whose LRA does not act to establish these criteria by August 31, 2006; utilized existing reporting requirements under metered subsystem (MSS) agreements; extended the submission date for annual resource plan reporting to October 25, 2006; permitted LSEs with de minimus load to supply an annual resource plan that also constitutes the LSE's monthly resource adequacy plan; and required the CAISO to notify an LSE within 10 business days if a discrepancy or deficiency exists within its resource adequacy plans.

4. In the January 22 Order, the Commission ordered the CAISO to either remove the August 31, 2006 deadline from its tariff, or to explain why such a deadline is necessary for the implementation of IRRP. The August 31, 2006 deadline related to any entity whose LRA did not adopt its own standards for a planning reserve margin and qualifying capacity calculation.

5. The Commission further determined that the CAISO has a duty to provide market participants with information that directly affects their ability to sign contracts, and directed the CAISO to establish a deadline in the tariff by which it will complete its annual import allocations.<sup>3</sup> In addition, the Commission directed the CAISO to revise its tariff to include both the manner and timeframe in which trades and/or additional requests for capacity must be submitted to the CAISO. The Commission also directed the CAISO to maintain the symmetry between the submission of load resource adequacy plans and supply resource adequacy plans, i.e., to eliminate the discrepancy between the date non-CPUC LSEs submit annual resource adequacy plans and the deadline for scheduling coordinators representing resource adequacy resources to submit an annual supply plan to the CAISO.<sup>4</sup> Finally, the Commission ordered the CAISO to revise its tariff to clearly state the effective dates of its 2006 deliverability analysis.

### **Compliance Filing**

6. In the instant compliance filing, the CAISO made various revisions to section 40 of its tariff to: (1) remove the deadline for governing boards to adopt resource adequacy plans; (2) modify the date for submission of resource adequacy plans and supply plans; (3) identify the manner and timeframe in which trades and/or additional requests for capacity must be submitted to the CAISO; and (4) define the term "Compliance Year."

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<sup>3</sup> January 22 Order, 118 FERC ¶ 61,045 at P 72.

<sup>4</sup> *Id.* P 70.

**Notice of the Filing, Protest and Answer**

7. Notice of the filing was published in the *Federal Register*, 72 Fed. Reg. 10,202 (2007), with interventions and protests due on or before March 14, 2007. The Alliance for Retail Energy Markets (AReM) filed timely comments, and the Six Cities filed a timely protest.<sup>5</sup> The CAISO filed an answer on March 18, 2007.

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

8. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2006), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept the CAISO's answer because it has provided information that assisted us in our decision-making process.

**B. Substantive****Protests**

9. AReM states that the CAISO changed the date that load resource adequacy plans are to be filed under section 40.2.1 from October 25 to September 30, to match the date specified in section 40.6 for submission of supply resource adequacy plans, but it argues that this change is inappropriate because it may conflict with the deadlines for submitting annual resource adequacy plans to the CPUC. AReM requests that the CAISO move the date for submitting load resource adequacy plans into the relevant Business Practice Manual and provide flexibility to modify the date if conditions warrant and with adequate notice to those filing the plans. In the alternative, AReM recommends that the CAISO modify sections 40.2.1 and 40.6 to specify that the plans will be due to both the CAISO and CPUC on the same date, which may be modified with adequate notice to the filing parties.

10. Six Cities argue that shortening the deadline for non-CPUC LSEs to submit their annual resource adequacy plans does not satisfactorily comply with the Commission's directives in the January 22 Order. Six Cities state that the Commission did not require the CAISO to truncate the October 25 deadline for submitting annual resource adequacy plans. Six Cities contend that the Commission should reject the CAISO's proposed modification to section 40.2.1 and instead direct the CAISO to modify section 40.6 of its tariff to provide that supply plans will be submitted no later than October 25.

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<sup>5</sup> Six Cities is comprised of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California.

### **Answer**

11. The CAISO argues that AReM's concern about duplicative filing dates is already addressed by the tariff. The CAISO explains that the September 30 date in section 40.2.1 does not apply to any CPUC LSE and therefore, there is no conflict between the CAISO tariff and CPUC requirements regarding the submission of resource adequacy plans.

12. The CAISO asserts that the Commission should deny Six Cities' protest to the deadline for non-CPUC LSEs to submit resource adequacy plans. The CAISO states that the January 22 Order directed it to ensure identical filing deadlines by selecting the more appropriate of either the September 30 or October 25 date. As a result, it elected to move the date for submitting the resource adequacy plan. The CAISO explains that it did not choose the September 30 date because the resource adequacy plans were needed earlier from non-CPUC LSEs, but rather, to prevent losing the opportunity to obtain information regarding the resource adequacy resources included in non-CPUC LSEs portfolios prior to RMR renewal deadline of October 1. The CAISO states that having this information prior to the issuance of RMR contract renewal notices will allow for more informed decisions about the continued necessity for particular RMR contracts.

### **Commission Determination**

13. The Commission rejects AReM and Six Cities' requests that we direct the CAISO to alter its compliance filing regarding the deadlines for the submission of load resource adequacy plans and supply resource adequacy plans. A plain reading of the tariff differentiates between the deadlines for submitting annual resource adequacy plans for CPUC and non-CPUC LSEs. Additionally, the Commission did not express a preference for one deadline over another, and as such, directed the CAISO to choose the date which best suited its needs. Further, as stated by the CAISO, the September 30 date provides it with important information about non-CPUC LSEs' resource adequacy resources prior to the RMR renewal deadline of October 1. Moreover, these protests should have been raised on rehearing and/or clarification of the January 22 Order, and therefore we reject their requests to alter the CAISO's compliance filing as untimely and a collateral attack on the Commission's January 22 Order.

14. The Commission finds that the CAISO's proposed tariff revisions satisfactorily comply with the directives of the January 22 Order.

The Commission orders:

The Commission hereby accepts the CAISO's proposed tariff revisions to section 40.2.1 of its tariff, effective on May 12, 2006, and to sections 40.4, 40.5.1, 40.5.2.2, and 40.5.2.1 of its tariff, effective on May 31, 2006, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.