

126 FERC ¶ 61,284
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 30, 2009

In Reply Refer To:
California Independent System Operator
Corporation
Docket No. ER09-462-000

Michael D. Dozier, Senior Counsel
California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Reference: Amendment to Transmission Control Agreement, Rate Schedule No. 7

Dear Mr. Dozier:

1. On December 23, 2008, the California Independent System Operator Corporation (CAISO), on behalf of itself, its Participating Transmission Owners (PTOs)¹ and Trans Bay Cable LLC, filed an amendment to the Transmission Control Agreement (TCA) between the CAISO and its PTOs. The CAISO explains that the TCA amendment permits PG&E to relinquish its role as the facilitator of the encumbrances on the transmission facilities comprising Path 15 established by existing contracts (ETCs) between PG&E and its transmission customers.²

2. The CAISO explains that the TCA describes how the CAISO and each PTO discharge their duties and responsibilities with respect to the operation of the PTO's facilities and entitlements. The CAISO explains that for all other ETC rights on the CAISO grid the PTOs simply provide the CAISO a separate set of operating instructions that direct the CAISO how to honor each of those rights. However, because of the complexity and interrelated nature of PG&E's ETCs for the use of Path 15, the parties

¹ The current PTOs are Pacific Gas & Electric Company (PG&E), San Diego Gas & Electric, Southern California Edison Company (SoCal Edison), the Cities of Anaheim, Azusa, Banning, and Riverside, California (collectively, "Southern Cities"), the City of Vernon, California (Vernon), Atlantic Path 15, LLC (Atlantic Path 15), Western Area Power Administration – Sierra Nevada Region (Western), the City of Pasadena, California (Pasadena) and Startrans IO, L.L.C. (Startrans).

² Path 15 is a major transmission corridor in the CAISO control area.

established a more elaborate set of operating instructions that provided for the daily involvement of PG&E personnel. Thus, PG&E has acted as the “Path 15 ETC Facilitator” in coordination with the CAISO, under a set of consolidated operating instructions incorporated into the TCA as Attachment B-1 to PG&E’s TCA Appendix B.

3. The CAISO explains that administering ETC rights on Path 15 is less complex now because, over time, certain ETCs providing rights on Path 15 have terminated and the capacity of Path 15 has increased. Thus, PG&E, California Department of Water Resources State Water Project (SWP) and the Transmission Agency of Northern California (TANC) recently agreed to settlement language which states that as of the start-up of Market Redesign and Technology Upgrade (MRTU) PG&E’s involvement as the ETC Path 15 Facilitator is no longer needed and establishes a four-step process for removing the ETC Path 15 Facilitator function.³

4. The four agreed-upon steps for removing PG&E as the Path 15 Facilitator involve: (1) the CAISO filing an amendment to the TCA; (2) inclusion of Path 15 curtailment provisions in the Transmission Rights and Transmission Curtailments (TRTC) instructions of those parties with Path 15 ETC rights; (3) the CAISO’s modification of its M-423 Operating Procedure; and (4) development of a computational tool for the CAISO to use in administering Path 15 curtailments. The CAISO also explains that it will be able to manage the rights on Path 15 under the MRTU structure pursuant to PG&E’s TRTC instructions, which will provide sufficient direction to the CAISO regarding the manner in which the CAISO must continue to honor the ETC rights.

5. The CAISO states that the TCA amendment deletes virtually all of the provisions of Appendix B-1 and adds an explanation stating that the CAISO will manage the congestion on Path 15 pursuant to the TRTC instructions provided by PG&E. The CAISO explains that it added the reference to its future administration of the ETC Path 15 rights in order to provide an explanation for readers of the TCA who may note the deletion of the special operating instructions in comparing past and future versions of the TCA. The CAISO requests an effective date for the TCA amendment to coincide with the effective date of the MRTU Tariff, scheduled for March 31, 2009.

6. Notice of the CAISO’s filing was published in the *Federal Register* with comments due on or before January 13, 2009.⁴ Timely motions to intervene were filed by the Metropolitan Water District of Southern California and the State Water Contractors, Modesto Irrigation District, and the City of Santa Clara, California, the City

³ *Pacific Gas and Electric Co.*, September 2, 2008 Offer of Settlement and Stipulation, Docket No. ER07-1213 at §§ 5.11, 6.5, *approved in* 125 FERC ¶ 61,084 (2008) (PG&E Settlement).

⁴ 74 Fed. Reg. 12,089 (2009).

of Redding, California, and the M-S-R Power Agency. A timely motion to intervene and comments in support of the CAISO's filing was filed by SWP. A timely motion to intervene and comments conditionally supporting the CAISO's filing was filed by TANC.

7. TANC states that its support for the filing is conditioned on the CAISO's timely implementation of MRTU. TANC is concerned over MRTU delays because TANC bears partial responsibility for the costs PG&E incurs in securing a third-party contractor to perform the ETC Path 15 Facilitator function until that service is terminated. TANC does not want to incur additional costs for an unnecessary Path 15 Facilitator if MRTU is delayed. TANC cites the PG&E Settlement provision stating, "[i]f MRTU is delayed, PG&E and TANC agree to urge the CAISO to eliminate the ETC Path 15 Facilitator role prior to MRTU startup."⁵ Thus, TANC "reserves its right to seek an earlier effective date for the termination of PG&E's role as [ETC] Path 15 Facilitator in the event that MRTU startup is further delayed."⁶

8. SWP states that it supports CAISO's TCA amendment as filed. SWP also notes that under the MRTU Tariff PG&E and SWP are to "attempt to jointly develop and agree on any TRTC Instruction that will be submitted to the CAISO."⁷

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. The Commission accepts the CAISO's amendment to the TCA, effective March 31, 2009. This amendment effectuates the parties' agreement by removing PG&E's role as the ETC Path 15 Facilitator and removing the special operating instructions related to ETCs on Path 15. The Commission also recognizes TANC's comments and notes that nothing in the instant filing impinges on TANC's rights under the PG&E Settlement, including its right to seek an earlier effective date for the termination of PG&E's role as ETC Path 15 Facilitator. We also note that the effective date of March 31, 2009 should alleviate TANC's concern.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁵ Citing PG&E Settlement § 6.5.

⁶ TANC January 13, 2009 Comments at 8.

⁷ SWP January 13, 2009 Comments at 7.