

126 FERC ¶ 61,316  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

March 31, 2009

In Reply Refer To:  
California Independent System Operator Corporation  
Docket No. OA09-17-000

California Independent System Operator Corporation  
151 Blue Ravine Road  
Folsom, CA 95630

Attention: Anthony J. Ivancovich  
Assistant General Counsel, Regulatory

Reference: Order No. 890 Compliance – Available Transfer Capability

Dear Mr. Ivancovich:

1. On January 15, 2009, pursuant to section 206 of the Federal Power Act (FPA),<sup>1</sup> the California Independent System Operator Corporation (CAISO) submitted a revised Appendix L (Methodology to Assess Available Transmission Capability (ATC))<sup>2</sup> to its Market Redesign and Technology Upgrade Tariff (MRTU Tariff) to comply with the directives of Order No. 890<sup>3</sup> and the May 16, 2008 Order.<sup>4</sup> The CAISO states that this

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<sup>1</sup> 16 U.S.C. § 824e (2006).

<sup>2</sup> The CAISO's ATC methodology is located under Appendix L of its MRTU Tariff, rather than Attachment C, as referred to in Order No. 890.

<sup>3</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2008), *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 73 Fed. Reg. 39,092 (July 8, 2008), 123 FERC ¶ 61,299 (2008).

<sup>4</sup> The Commission concluded that certain components of the CAISO's ATC methodology needed further explanation and detail in order to be in compliance with Order No. 890. *See Calif. Indep. Sys. Oper. Corp.*, 123 FERC ¶ 61,180 (2008) (May 16, 2008 Order).

filing incorporates previously accepted changes to Appendix L of the currently effective CAISO Tariff into the MRTU Tariff, so that the tariff provisions can be placed into effect on March 31, 2009, the target date of MRTU implementation. The CAISO's filing is consistent with Order No. 890 and in satisfactory compliance with the Commission's directives, with one exception, as discussed below. The CAISO submittal is conditionally accepted effective on March 31, 2009, the anticipated date for MRTU implementation, subject to a further compliance filing.

2. Notice of the CAISO's filing was published in the *Federal Register*, 74 Fed. Reg. 5834 (2009) and 74 Fed. Reg. 6152 (2009), with interventions and protests due on or before February 5, 2009. Timely motions to intervene were filed by the Transmission Agency of Northern California; M-S-R Public Power Agency; the City of Santa Clara, California, doing business as Silicon Valley Power; the Modesto Irrigation District; the California Department of Water Resources State Water Project; and the Metropolitan Water District of Southern California. Powerex Corp filed a timely motion to intervene and comments. The CAISO filed an answer to motions to intervene and comments. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>5</sup> 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) (2008), 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.

3. In Order No. 890, the Commission required a transmission provider to clearly identify which methodology it employs (e.g., contract path, network ATC, or network Available Flowgate Capacity (AFC)) to assess available transmission capability. The transmission provider also must describe in detail the specific mathematical algorithms used to calculate firm and non-firm ATC (and AFC, if applicable) for its scheduling, operating, and planning horizons.<sup>6</sup> Further, the actual mathematical algorithms must be posted on the transmission provider's website, with the link noted in the transmission provider's Attachment C.<sup>7</sup> In addition, among other things, the Commission required a transmission provider to include a process flow diagram in its Attachment C that illustrates the various steps through which ATC/AFC is calculated.<sup>8</sup>

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<sup>5</sup> 18 C.F.R. § 385.214 (2008).

<sup>6</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at *pro forma* OATT, Att. C; *see also id.* P 323.

<sup>7</sup> *Id.* P 325, 328.

<sup>8</sup> *Id.* at *pro forma* OATT, Att. C; *see also id.* P 323.

4. As noted above, the CAISO proposes to incorporate previously accepted changes to Appendix L into the MRTU Tariff. Consistent with its prior filing,<sup>9</sup> the CAISO proposes to modify Appendix L of the MRTU Tariff in order to incorporate greater detail and information about each component of the ATC calculation, and to provide a narrative description of the ATC mathematical algorithm. With regard to its transmission capacity set-aside for existing transmission commitments, the CAISO proposes to incorporate modifications that (1) describe how it reserves transmission capacity for existing transmission contracts and transmission ownership rights based on instructions submitted by the participating transmission owner or non-participating owner; (2) describe the timeline and process through which the existing transmission commitments are released under MRTU; and (3) reference publicly available operating procedures on the CAISO's website which address the scheduling and use of existing transmission contract rights and transmission ownership rights under MRTU. The CAISO seeks waiver of certain Order No. 890 requirements related to rollover rights and point-to-point transmission service because the CAISO does not provide point-to-point transmission service and therefore, the requirements are not applicable.

5. With respect to capacity benefit margins and transmission reserve margins for operational purposes, the CAISO explains that it does not use transmission reserve margins or capacity benefit margins and therefore proposes to include a statement in its Appendix L indicating that the values for capacity benefit margins and transmission reserve margins are set at zero in the calculation of ATC. The CAISO requests that the Commission accept these tariff modifications, or alternatively, waive the requirements of Order No. 890 and the May 16, 2008 Order as they relate to the inclusion of capacity benefit margin and transmission reserve margin provisions in Appendix L.

6. Powerex states that the CAISO's revised Appendix L to the MRTU Tariff fails to include a link to the CAISO's website containing the specific mathematical algorithms used to calculate ATC, and fails to include a process flow diagram illustrating the various steps the CAISO will use to calculate ATC.

7. In response, the CAISO states that the MRTU Tariff, Appendix L already includes the information requested by Powerex. Section L.3 of Appendix L includes the process flow diagram<sup>10</sup> and its proposed revisions to section L.2 include a narrative description of the ATC algorithms that will be used following the implementation of MRTU.

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<sup>9</sup> See CAISO compliance filing submitted on June 16, 2008 in Docket No. OA08-12-002 *et al.* See *Calif. Indep. Sys. Oper. Corp.*, 126 FERC ¶ 61,099 (2009).

<sup>10</sup> Section L.3 of Appendix L provides an ATC Process Flowchart. See *Calif. Indep. Sys. Oper. Corp.*, 125 FERC ¶ 61,262 (2008).

8. We agree with the CAISO that section L.3 of Appendix L provides the ATC process flowchart. Accordingly, we find the CAISO's modifications to Appendix L addressing its ATC methodology comply with Order No. 890 and the May 16, 2008 Order, with one exception. Our review finds that the CAISO's proposed Appendix L does not provide the link to the CAISO's website with the actual mathematical algorithms, and therefore, we conditionally accept the tariff revisions for filing, effective on March 31, 2009, the anticipated date of MRTU implementation. The Order No. 890 *pro forma* OATT requirements related to rollover rights and point-to-point transmission service do not apply to the CAISO because it does not provide point-to-point transmission service, and therefore, we grant waiver of these requirements. The CAISO is directed to submit a compliance filing, within 30 days of the date of issuance of this order, which includes a revised Appendix L with the appropriate link as required by Order No. 890.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.