

128 FERC ¶ 61,100
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Suede G. Kelly, Marc Spitzer,
and Philip D. Moeller.

California Independent System
Operator Corporation

Docket Nos. ER08-1113-004
ER08-1113-005

ORDER ESTABLISHING TECHNICAL CONFERENCE

(Issued July 29, 2009)

1. In this order the Commission directs the Commission staff to convene a technical conference to explore issues concerning Market Efficiency Enhancement Agreements (MEEA) between the California Independent System Operator Corporation (CAISO) and eligible market participants. The Commission Staff will convene this technical conference in the above-referenced proceeding on Thursday, August 20, 2009, at 10:00 am (EDT), in a room to be designated at the offices of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426.

I. Background

2. On June 17, 2008, the CAISO filed a proposal to establish an Integrated Balancing Authority Area (IBAA Proposal) and to apply a model to price import and export transactions with Sacramento Municipal Utility District (SMUD) and Turlock Irrigation District (Turlock). The IBAA Proposal established a single hub for modeling and pricing all imports and exports between the CAISO and SMUD and Turlock balancing authority areas, rather than at one of the 12 interconnection points that separate the CAISO from the SMUD and Turlock balancing authority areas.

3. As an alternative to the single hub pricing mechanism, the CAISO proposed to provide market participants the option to execute a MEEA. The CAISO stated that a market participant wishing to execute a MEEA would provide the CAISO with additional information sufficient to allow verification of the specific location and operation of the external resource that is used to provide interchange transactions in exchange for an alternative pricing and modeling arrangement. The Commission's September 19, 2008 order accepted the CAISO's proposal,

subject to modification, and directed the CAISO to make a further compliance filing in response to several concerns.¹

4. On November 25, 2008, the CAISO filed revised tariff language to comply with the Commission's September 19 IBAA Order.² The CAISO asserted that the revised tariff language would ensure that the CAISO's nodal pricing under the Market Redesign and Technology Upgrade (MRTU) would reflect the impacts of interchange transactions between the CAISO and the SMUD and Turlock balancing authority areas and that those transactions would be priced at just and reasonable levels.

5. On March 6, 2009, the Commission issued an order on the CAISO's November 25, 2008 compliance filing, which concerned, in part, MEEAs under the CAISO's IBAA Proposal.³ The Commission has received requests for rehearing and clarification regarding the March 6 Compliance Order. On May 12, 2009, the CAISO made a second compliance filing, as directed by the March 6 Compliance Order.⁴

II. Notice of Filing and Responsive Pleadings

6. Notice of the May 12 Compliance Filing was published in the *Federal Register*, with interventions and protests due on or before June 2, 2009.⁵ On June 2, 2009, numerous parties filed timely protests and comments.⁶ The CAISO filed an answer to the protests, and multiple parties filed answers to the CAISO's answer. Also, interested parties filed requests for rehearing and motions for

¹ *Cal. Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,271 (2008) (September 19 IBAA Order).

² CAISO November 25, 2008 Compliance Filing, Docket No. ER08-1113-002.

³ *California Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,207 (2009) (March 6 Compliance Order).

⁴ CAISO May 12, 2009 Compliance Filing, Docket No. ER08-1113-005 (May 12 Compliance Filing).

⁵ 74 Fed. Reg. 23,686 (2009).

⁶ City of Palo Alto, California filed a motion to intervene on June 2, 2009.

clarification regarding the March 6 IBAA Order.⁷ The rehearing requests, motions for clarification, protests and comments concerned multiple issues, including (1) what information a party should provide the CAISO to enter a MEEA and (2) what transactions should qualify for MEEA pricing. Also, the CAISO proposed that the Commission schedule a technical conference to examine limited issues in its answer to protests.⁸ However, certain parties opposed a technical conference.⁹

III. Commission Determination¹⁰

7. The Commission has received the filings and protests in this matter and finds that a technical conference is necessary to further explore certain issues raised by filings related to the March 6 Compliance Order and the May 12 Compliance Filing.¹¹ The technical conference will afford Commission staff and interested parties an opportunity to discuss the issues related to the MEEAs. Specifically, the conference is intended to be a working session focused on discussing the information necessary to execute a MEEA and the transactions under a MEEA that should receive MEEA pricing. Issues to be addressed at the technical conference include:

⁷ These requests for rehearing and clarification also included requests concerning *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,221 (2009) (March 13 Readiness Order) and *Cal. Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,278 (2009) (March 27 Clarification Order).

⁸ CAISO June 17, 2009 Answer to Protests, Docket No. ER08-1113-002, at 18.

⁹ *See, e.g.*, Transmission Agency of Northern California July 2, 2009 Answer, Docket No. ER08-1113-005, at 9-11; SMUD June 26, 2009 Answer, Docket No. ER08-1113-002, at 3-4; Western Area Power Administration July 1, 2009 Answer, Docket No. ER08-1113-005, at 9-11.

¹⁰ Other than with respect to the technical conference, the Commission is not in this order addressing the May 12 Compliance Filing, interventions, comments, protests, answers, answers to the answers, requests for rehearing or motions filed by the parties.

¹¹ *See* section 309 of the Federal Power Act, 16 U.S.C. § 825h (2006).

- The information required by the CAISO to model and price interchange transactions between the CAISO and the IBAA to be included in the Full Network Model;
- The availability of the information required by the CAISO; and
- How eligibility for MEEA pricing should be determined for transactions under a MEEA.

8. The Commission emphasizes that this is intended to be a technical discussion concerning the MEEAs. For this reason, the Commission strongly encourages any party attending the technical conference to bring a representative who can discuss, in a detailed manner, the technical operation of its system and the information, including modeling and flow data, available to the party. In this case, the conference will not be transcribed. However, all parties will be afforded the opportunity to file comments. Dates for filing such comments will be established at the technical conference.

9. All interested persons, parties and the public are invited to attend. For further information please contact either Kendra Pace at (202) 502-6703 or e-mail Kendra.Pace@ferc.gov, or Christopher Demko at (202) 502-6519 or email Christopher.Demko@ferc.gov.

The Commission orders:

Commission staff is hereby directed to convene a technical conference to further explore the issues concerning MEEAs, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.