

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeen G. Kelly.

California Independent System Operator
Corporation

Docket No. ER05-449-000

ORDER ACCEPTING REVISED METERED SUBSYSTEM AGREEMENT

(Issued March 11, 2005)

1. In this order, the Commission accepts a revised Metered Subsystem Agreement between the California Independent System Operator Corporation (CAISO) and the City of Santa Clara, California, doing business as Silicon Valley Power (Santa Clara), effective February 21, 2005, as requested. In addition, we grant waiver of the Commission's 60-day prior notice requirement.¹ This order allows the CAISO to update the agreement in order to appropriately assign grid management charges (GMC) to Santa Clara and to recognize system operating requirements to benefit reliability.

Background

2. On January 13, 2005, the CAISO filed with the Commission Amendment No. 4 to the Metered Subsystem Agreement (Revised MSSA) between the CAISO and Santa Clara. The purpose of the Revised MSSA is to amend certain terms and conditions and to specify the treatment of Minimum Load Costs and elements of the CAISO grid management charge as allocated to Santa Clara.

3. Pursuant to the Commission's regulations, 18 C.F.R § 388.112 (2004), the CAISO requests confidential treatment of certain non-public sections of the Revised MSSA. The CAISO also requests waiver of the Commission's prior notice requirements in order that the Revised MSSA become effective February 21, 2005.

¹ 18 C.F.R. § 35.3 (2004).

Notice of Filing and Pleadings

4. Notice of CAISO's filing was published in the *Federal Register*, 70 *Fed. Reg.* 4,834 (2005), with protests and interventions due on or before February 3, 2005. The California Energy Oversight Board and Southern California Edison Company filed timely motions to intervene. Pacific Gas and Electric Company (PG&E) and Santa Clara filed timely motions to intervene and comments.

5. PG&E supports the modifications that recognize the new Santa Clara and PG&E substation facilities. However, PG&E expresses general concern that the Revised MSSA results in cost shifts and may not be consistent with PG&E's interconnection agreement with Santa Clara. Santa Clara supports the instant filing. In particular, Santa Clara supports CAISO's request for waiver of the 60-day notice requirement in order that the Revised MSSA may be made effective as requested in order to coincide with the energization of Santa Clara's new switching station, recognized in the Revised MSSA.

Discussion

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2004), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

7. We find that the Revised MSSA is consistent with the CAISO tariff and Commission precedent. Also, certain proposed modifications reflect non-rate changes that update certain generation and transmission facility operating specifications and recognize new third party facilities (i.e., the PG&E FMC substation). Accordingly, we will accept the revised MSSA to be effective as proposed.

8. The Revised MSSA reflects changes proposed by the CAISO to (i) address potential reliability concerns regarding transmission line ratings and limits for power flows between the system of Santa Clara and the CAISO (new section 8.8); (ii) conform the treatment of Minimum Load Costs to the CAISO Tariff and incorporate CAISO Tariff defined terms (section 13.10);² (iii) update the CAISO's grid management charge (section 13.11) to reflect recent Commission-approved changes; (iv) add information regarding a new Santa Clara switching station (schedule 1); (v) update information regarding Santa Clara's generating units (schedule 14); and, (vi) update the agreement to recognize PG&E's FMC Substation (schedule 15.1).

² In *California Independent System Operator Corp.*, 105 FERC ¶ 61,091 (2003), the Commission found, among other things, that the allocation of Minimum Load Costs to metered subsystem operators was acceptable.

9. Specifically, the CAISO proposes to allow Santa Clara to elect to be eligible for Minimum Load Costs, consistent with the way Santa Clara may currently elect to charge the CAISO for emissions and start-up costs. If Santa Clara elects to recover Minimum Load Costs, Santa Clara will bear its proportionate share of the total amount of those costs incurred by the CAISO. If Santa Clara elects not to be eligible for Minimum Load Costs, Santa Clara will bear its proportionate share of the total amount of these costs incurred by the CAISO, based on Santa Clara's net negative uninstructed deviations.³ The proposed revisions are consistent with the Commission's order approving CAISO Amendment No. 54.⁴

10. In addition, the Revised MSSA updates how the GMC will be assessed to Santa Clara in accordance with the currently effective CAISO Tariff. Generally, Scheduling Coordinators are assessed the GMC, which is comprised of seven component charges, including a Market Usage Charge, and an Energy Transmission Services Uninstructed Deviations Charge, in order to recover the CAISO's costs. As a metered subsystem operator, Santa Clara will designate its Scheduling Coordinator with the Revised MSSA, stipulating how Santa Clara's Scheduling Coordinator and Santa Clara will be allocated the various GMC component charges. Specifically, the Revised MSSA adjusts the GMC component charges associated with load following, currently the Energy Transmission Services Uninstructed Deviations Charge and a portion of the Market Usage Charge. If Santa Clara has uninstructed deviations (either positive or negative) associated with load following from resources listed in Schedule 14, the CAISO will net the generation and imports into the metered substation and Santa Clara's Scheduling Coordinator will only be charged the GMC associated with uninstructed deviations for this quantity. Santa Clara's Scheduling Coordinator will otherwise be assessed all remaining components of the grid management charge in accordance with the CAISO Tariff. We find that these proposed revisions reflect the settlement agreement recently accepted by the Commission in Docket No. ER04-115-000⁵ and the currently effective CAISO Tariff.

³ Net Negative Uninstructed Deviations are defined by the CAISO Tariff as the real-time change in generation or demand associated with underscheduled load (*i.e.*, load that appears unscheduled in real time) and overscheduled generation (*i.e.*, generation that is scheduled in forward markets and does not appear in real time). Deviations are netted for each settlement interval, apply to a scheduling coordinator's entire portfolio, and include load, generation, imports and exports.

⁴ *California Independent System Operator Corp.*, 105 FERC ¶ 61,091 (2003), *rehearing pending*.

⁵ *California Independent System Operator Corp.*, 110 FERC ¶ 61,090 (2005).

11. As mentioned above, PG&E raises only general concerns regarding possible cost shifts resulting from the Revised MSSA and consistency with the interconnection agreement between PG&E and Santa Clara. However, PG&E raises no specific arguments about how it may be adversely affected and does not provide any support for its concerns. Our acceptance here is based upon the fact that the language proposed is the currently effective CAISO Tariff. Accordingly, we accept the Revised MSSA, effective February 21, 2005.⁶

The Commission orders:

(A) The CAISO's revised Metered Subsystem Agreement is hereby accepted as designated, effective February 21, 2005, as discussed in the body of this order.

(B) The CAISO's request for waiver of the Commission's notice requirement, 18 C.F.R. § 35.3, is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

⁶ We find good cause to grant waiver of the Commission's 60-day prior notice requirement to permit the effective date requested by the CAISO. *See Central Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106 at p. 61,338, *reh'g denied*, 61 FERC ¶ 61,089 (1992).