135 FERC ¶ 61,112
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 4, 2011

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER01-313-011
Pacific Gas & Electric Company
Docket No. ER01-424-011

California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attn: Judith Sanders, Esq.
Attorney for California Independent System Operator Corporation

Dear Ms. Sanders:

1. On April 21, 2010, California Independent System Operator Corporation (CAISO) filed a refund report stating that it had distributed refunds and other invoices to scheduling coordinators related to the Grid Management Charge (GMC) refund of charges assessed to behind the meter load during calendar years 2001-2003. In Opinion No. 463-A, the Commission determined that behind-the-meter generation not incorporated into CAISO's base case scenarios used for transmission planning and operations should be granted an exemption from the Control Area Services (CAS) component of the GMC.[1] In Opinion No. 463-B, the Commission directed the CAISO to submit a compliance filing that listed the generators that were incorporated into the CAISO's base case scenarios used for transmission planning and operations between 2001 and 2003 for the purpose of determining what generation was subject to the CAS charge, and, ultimately, what generation was owed refunds as a result of an incorrect assessment of that charge.[2]

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[1] *California Indep. Sys. Operator Corp.*, Opinion No. 463-A, 106 FERC ¶ 61,032 (2004).

[2] *California Indep. Sys. Operator Corp.*, Opinion No. 463-B, 113 FERC ¶ 61,135 (2005).

CAISO submitted the compliance filing on October 23, 2006, as revised on February 8, 2007. The Commission accepted the compliance filing in an order dated October 6, 2008,[3] finding that CAISO had complied with Opinion No. 463-B's compliance requirement.

2. Modesto Irrigation District (Modesto) and City of Santa Clara, California doing business as Silicon Valley Power (SVP) filed separate requests for clarification of the October 6 Order. Both Modesto and SVP requested that the Commission clarify that it requires a date certain by which the CAISO submit a refund report to the Commission. Modesto and SVP also requested that the Commission direct PG&E to submit a refund report to the Commission by a date certain because PG&E is obliged to distribute CAISO's refunds to the customers for which it serves as scheduling coordinator under its GMC Pass-Through Tariff.

3. CAISO and PG&E each filed responses to the requests for clarification. CAISO stated that it had placed the processing of refunds in its settlement rerun queue, but that its processing of refunds had been delayed by the implementation of its Market Redesign and Technology Upgrade tariff. PG&E stated that it did not object to the Commission setting a date for the processing of refunds but that the Commission should allow 90 days from the time it required CAISO to process refunds for PG&E to process the refunds for its Pass-Through Tariff.

4. The Commission, in an order dated January 21, 2009,[4] declined to set a date certain by which CAISO and PG&E had to process refunds, but urged CAISO to process the refunds as quickly as practicable. The Commission ordered that CAISO file a status report in June 2009 to update the Commission on its progress in processing the refunds.[5] CAISO proceeded to file an informational report in June 2009 and again in September 2009 detailing its progress on the issuance of refunds.

5. Notice of CAISO's April 21, 2010 filing of the instant refund report was published in the *Federal Register*, 75 Fed. Reg. 23,755 (2010). On May 12, 2010, Modesto filed comments, stating that it did not take issue with CAISO's refund report related to CAISO's calculation of GMC refunds and related surcharges.

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[3] *California Indep. Sys. Operator Corp.*, 125 FERC ¶ 61,015 (2008) (October 6 Order).

[4] *California Indep. Sys. Operator Corp. and Pacific Gas and Elec. Co.*, 126 FERC ¶ 61,058 (2009).

[5] *Id.* P 8.

However, Modesto noted that PG&E had not filed a subsequent refund report for its Pass-Through Tariff to allocate the refunds to the customers for which it served as scheduling coordinator. Modesto requested that the Commission direct PG&E to submit a refund report, noting that PG&E stated that it had no objection to doing so in its earlier comments. No other comments were received.

6. CAISO's instant refund report is accepted as being in satisfactory compliance with the direction of the Commission regarding refunds associated with the GMC charges assessed for behind the meter generation for calendar years 2001-2003. Additionally, since PG&E has indicated that it does not object to filing a refund report and because sufficient time has elapsed since CAISO filed its refund report for PG&E to complete its own refund calculations, the Commission directs PG&E to file a refund report within 30 days of the date of this order on the charges at issue in this proceeding.

By direction of the Commission. Commission Moeller is not participating.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

cc: All Parties

California Public Utilities Commission
770 L Street
Suite 1050
Sacramento, CA 95814