

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Williams Power Company, Inc.

Docket No. EL05-57-001

v.

California Independent System Operator
Corporation

ORDER DENYING CLARIFICATION AND GRANTING MOTION FOR
EXTENSION OF TIME

(Issued June 2, 2005)

1. On March 4, 2005, the Commission issued an order granting a complaint by Williams Power Company, Inc. (Williams) against the California Independent System Operator Corporation (CAISO), finding that the CAISO wrongfully denied minimum load cost compensation to must-offer generators that do not stay within a tolerance band applied by the CAISO without first seeking Commission approval, and directing the CAISO to make refunds and file a refund report within 30 days.¹ The CAISO filed a motion for clarification of the March 4 Order and a motion for extension of time to provide refunds and the refund report. This order denies clarification and grants an extension until 20 days after the date of this order for the CAISO to make refunds and file a refund report.

2. In its complaint, Williams claimed that the CAISO had imposed a tolerance band on must-offer generators while they are returning to minimum load status from a CAISO dispatch instruction and denied minimum load cost compensation to such units when they operate outside of that tolerance band during ramp-down. The CAISO, in its answer, acknowledged this practice. The March 4 Order found that the CAISO open access transmission tariff (tariff) did not authorize the CAISO to deny minimum load cost

¹ *California Independent System Operator Corporation*, 110 FERC ¶ 61,231 (2005) (March 4 Order).

compensation to must-offer generators that operated outside of the tolerance band during ramp down and directed the CAISO to operate in conformance with its approved tariff.²

3. In a motion filed on April 4, 2005, the CAISO asks the Commission to clarify (1) whether the CAISO can use a generation unit's ramp rate to determine the unit's eligibility for minimum load cost compensation in the intervals immediately following the end of a CAISO dispatch instruction and (2) whether the CAISO may apply the Commission-approved tolerance band to a unit that has produced energy in an interval in response to a CAISO dispatch instruction but has not returned to minimum load after a reasonable period of time has elapsed.³

4. As discussed in the March 4 Order, the Commission-approved tolerance band applies only to generation units that are operating *at* minimum load and does not apply to units that are ramping down following the end of a CAISO dispatch instruction.⁴ The clarifications requested by the CAISO, if granted, would have the effect of allowing the CAISO to deny generators minimum load cost recovery when they are returning to minimum load after a CAISO dispatch instruction. The CAISO tariff, however, does not authorize the CAISO to deny minimum load cost recovery in such circumstances. Accordingly, the CAISO's motion for clarification is denied.

5. The CAISO describes several incidents in which must-offer generation units appeared to delay an unreasonable period of time in returning to minimum load after a CAISO dispatch instruction. It speculates that in some instances generation units may have failed to return to minimum load in a timely manner to service a bilateral contract and claims that the CAISO has no recourse against generators in such circumstances. As we stated in the March 4 Order, if the CAISO believes that additional tariff provisions are necessary to maintain control of its system and to minimize operating costs, it must request prior authorization of the proposed tariff changes.⁵

6. The CAISO requests an extension of time until 60 days after the issuance of an order addressing its motion for clarification. The CAISO explains that its personnel are occupied with other critically important work. The March 4 Order directed the CAISO to make refunds within 30 days, i.e., April 4, 2005. The CAISO has not justified a

² *Id.*, 110 FERC ¶ 61,231 at P 18-23.

³ On April 19, 2004, Williams filed an answer to the CAISO's motion for clarification.

⁴ *March 4 Order*, 110 FERC ¶ 61,231 at P 21.

⁵ *Id.*, 110 FERC ¶ 61,231 at P 18.

prolonged delay in refunding amounts wrongfully withheld from must-offer generation owners. We will, however, grant an extension of time until 20 days after the date of this order for the CAISO to make refunds and file a refund report.

The Commission orders:

(A) The CAISO's motion for clarification is hereby denied, as discussed in the body of this order.

(B) The CAISO's motion for extension of time is hereby granted, as discussed in the body of this order.

(C) The CAISO is hereby directed to make refunds, within 20 days of the date of this order, as discussed in the body of this order and as directed by the Commission in Ordering Paragraph (B) of the March 4 Order.

(D) The CAISO is hereby directed to submit, within 20 days of the date of this order, a refund report, as discussed in the body of this order.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.