

109 FERC ¶ 61,050
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Pacific Gas and Electric Company

Docket No. ER04-869-001

ORDER ON REHEARING

(Issued October 12, 2004)

1. In this order, the Commission grants rehearing of a July 20, 2004 Order accepting revisions to Pacific Gas and Electric Company's (PG&E's) Transmission Owner Tariff¹ and changes the effective date for PG&E's revised tariff sheets to July 17, 2004, subject to refund and to the outcome of the consolidated hearings in Docket Nos. ER04-835-000 and EL04-103-000. This order benefits customers by ensuring that there is consistency in the SoCal and California Independent System Operator Corporation (CAISO) tariff provisions concerning minimum load cost allocation.

Background

2. On May 11, 2004, the CAISO filed Amendment No. 60 to the CAISO's open access transmission tariff (tariff), which proposed revisions to the CAISO's tariff provisions related to implementation of the must-offer obligation.² Among other things, the CAISO proposed to revise the allocation of minimum load costs, payable to generators under the must-offer obligation. Under the proposal, minimum load costs incurred by the CAISO to meet local reliability needs would be billed to the participating transmission owner in whose service territory the generator is located. The CAISO requested an effective date ten days after the CAISO's notice to the market and the Commission that "Phase 1B software" is ready to be deployed. In a July 8, 2004 Order, the Commission, *inter alia*, accepted for filing the proposed modification to the CAISO tariff related to cost allocation, suspended it for a nominal period, and made the tariff sheets effective ten days after the CAISO's notice to the market and the Commission that Phase 1B software is ready to be deployed, as requested by the CAISO.³

¹ *Pacific Gas & Electric Co., et al.*, 108 FERC ¶ 61,072 (2004) (*July 20 Order*).

² Docket No. ER04-835-000.

³ *California Independent System Operator Corporation*, 108 FERC ¶ 61,022 at P 63 (2004) (*July 8 Order*).

3. On May 18, 2004, PG&E filed a complaint against the CAISO alleging that the CAISO's current allocation of must-offer obligation costs, including minimum load cost compensation, to PG&E is unjust, unreasonable and unduly discriminatory.⁴ PG&E challenged the lawfulness of the current allocation of must-offer obligation costs under the CAISO tariff until the effective date of any changes under Amendment No. 60. The Commission set the complaint for hearing and consolidated the hearing with the hearing instituted in Docket No. ER04-835-000, and established a refund effective date of July 17, 2004.⁵

4. On May 24, 2004, PG&E filed proposed revisions to its Transmission Owner's Tariff to allow it to recover from its customers the minimum load costs allocated to PG&E pursuant to the CAISO's cost allocation methodology proposed in Amendment No. 60. PG&E requested that the proposed tariff sheets be made effective date as of July 11, 2004. In the July 20 Order, the Commission accepted PG&E's tariff revisions, suspended them for a nominal period, and made them effective ten days after the CAISO's notice to the market and the Commission that Phase 1B software is ready to be deployed.

Discussion

5. PG&E explains that, if its complaint is successful, minimum load costs may be allocated to PG&E as a participating transmission owner for a time period prior to the effective date established by the Commission in the July 20 Order. PG&E states that, in that circumstance, it will require a mechanism to recover those costs. Accordingly, PG&E requests clarification, or in the alternative rehearing, that it would be allowed to recover all minimum load costs that might be allocated to it as a participating transmission owner and, to achieve this, that the refund effective date for its proposed tariff sheets be modified to July 17, 2004.

6. The Commission grants PG&E's request for rehearing. The CAISO has informed the Commission that the Phase 1B software is ready to be deployed as of October 1, 2004.⁶ However, the refund effective date of July 17, 2004 established in the PG&E complaint proceeding could, potentially, set the earliest date for allocation of minimum load costs based on the CAISO's revised methodology. In order to ensure that PG&E is able to recover (without any gap in time) all minimum load costs allocated to it under the

⁴ Docket No. EL04-103-000.

⁵ *Pacific Gas & Electric Co., et al.*, 108 FERC ¶ 61,017 (2004).

⁶ September 17, 2004, CAISO Notice of Implementation of Phase 1B Software, Docket No. ER03-1046-000.

CAISO's revised methodology, and consistent with PG&E's complaint, it is necessary to make PG&E's tariff filing effective July 17, 2004, subject to refund and to the outcome of the consolidated hearings in Docket Nos. ER04-835-000 and EL04-103-000.

The Commission orders:

Pacific Gas and Electric Company's request for rehearing is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.