

113 FERC ¶ 61,261  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

California Independent System Operator Corporation Docket No. ER06-58-000

ORDER ON PSEUDO PARTICIPATING GENERATOR AGREEMENT

(Issued December 15, 2005)

1. In this order, the Commission conditionally accepts the California Independent System Operator Corporation's (CAISO or the ISO) Pseudo Participating Generator Agreement (Pseudo PGA) between CAISO and Calpine Construction Finance Company, L.P. (Calpine), effective December 1, 2005, as requested. The ordered compliance filing requires CAISO to file a revised Pseudo PGA that includes modifications discussed in the order.

**Background**

2. On October 20, 2005, CAISO filed the Pseudo PGA under section 205 of the Federal Power Act,<sup>1</sup> stating that it is the first time this type of agreement has been filed by CAISO with the Commission. CAISO explains that the Pseudo PGA will implement a pilot program to create a Pseudo Tie of Calpine's Sutter generating unit to the ISO control area. It states that Calpine's Sutter generating unit is physically interconnected in a native control area other than the CAISO control area<sup>2</sup> and that under the Pseudo PGA, it is a Pseudo generating unit, or a unit "interconnected externally to the ISO Control Area, authorized by [the Pseudo PGA] to receive applicable Control Area Services from the ISO and to operate under the jurisdiction of the ISO in accordance with the ISO Tariff just as any other Generating unit of an ISO Participating Generator."<sup>3</sup> CAISO states that the Pseudo PGA will permit Calpine's Sutter generating unit to schedule energy and to

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<sup>1</sup> 16 U.S.C. § 824d (2000).

<sup>2</sup> More specifically, CAISO states that the generating unit is currently in the control area of the Sacramento Municipal Utility District (SMUD).

<sup>3</sup> Pseudo PGA § 1.2.3.

submit Adjustment bids, Supplemental Energy bids, and bids for Ancillary Services to CAISO through a Scheduling Coordinator, dynamically from a Pseudo Tie into the CAISO control area from the Native Control Area.<sup>4</sup>

3. CAISO notes that the submitted Pseudo PGA has not been executed by Calpine and explains that it filed the Pseudo PGA unilaterally in order to facilitate the control area footprint changes scheduled to occur on December 1, 2005<sup>5</sup> and to make this service available in a timely manner. CAISO further states that Calpine is willing to agree to the terms and conditions of the Pseudo PGA but is seeking clarification regarding any necessary consents from SMUD and the Western Area Power Administration (Western) that may be necessary for Calpine to perform its obligations under the Pseudo PGA.
4. CAISO requests waiver of the 60-day prior notice requirement and requests that the Pseudo PGA become effective on December 1, 2005, on the same date the modifications to the ISO control area footprint are scheduled to be implemented.

#### **Notice of Filing and Responsive Filings**

5. Notice of CAISO's filing was published in the *Federal Register*, 70 Fed. Reg. 66,830 (2005), with comments, interventions, and protests due on or before November 10, 2005. Modesto Irrigation District, Northern California Power Agency, and Transmission Agency of Northern California filed motions to intervene. Western and SMUD filed motions to intervene and comments. CAISO filed an answer to the comments. Calpine filed an answer to CAISO's answer.
6. Western states that three modifications should be made to the Pseudo PGA to reflect that the CAISO has now agreed to provide energy for the auxiliary needs of Calpine's Sutter generating unit.
7. In its comments, SMUD states that it has been working with Western, Calpine, and CAISO over the past several weeks to implement this pilot program. It affirms that the parties are on track to meeting the targeted December 1, 2005 implementation date and supports waiver of the Commission's 60-day prior notice requirement to permit a December 1, 2005 effective date.

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<sup>4</sup> Native Control Area is the NERC defined Control Area where the Pseudo Generating Unit is physically interconnected to the electric grid.

<sup>5</sup> CAISO states that implementation of this pilot program is one of several modifications to the current CAISO control area footprint that are scheduled to occur on December 1, 2005. See Transmittal Letter, Docket No. ER05-1522-000 (Sept. 30, 2005) at 2.

8. SMUD also supports Western's proposed modifications to the Pseudo PGA.

9. In its answer, CAISO responds that it agrees in concept with Western and SMUD's proposed revisions to Schedule 2 of the Pseudo PGA and agrees that, after filing the Pseudo PGA, CAISO determined that it would be able to supply the auxiliary needs of the Pseudo Generating Unit. Accordingly, CAISO proposes modifications to the Pseudo PGA that, while different than those suggested by Western and SMUD, are consistent with the intent of those parties' proposed modifications. In its answer, Calpine expresses its support of the proposed modifications set forth in CAISO's answer.

## **Discussion**

### **A. Procedural Matters**

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We will grant Calpine's untimely motion to intervene given its interest in this proceeding, the early stage of the proceeding, and the absence of any undue prejudice or delay.

11. Rule 213(a)(2) of the Commission's Rule of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2005), prohibits an answer to a protest or to an answer unless otherwise ordered by the decisional authority. We will accept CAISO's and Calpine's answers because they have provided information that assisted us in our decision-making process.

### **B. Commission Determination**

12. In its answer, CAISO proposes, consistent with the comments of Western and SMUD, to modify sections 2.1.4 and 2.1.15 of Schedule 2 of the Pseudo PGA. Specifically, it proposes that section 2.1.4 be deleted entirely. It also proposes that section 2.1.15 be revised to state that the ISO will provide to the Pseudo Generating Unit all Control Area services available to other Generating Units in the ISO Control Area including the auxiliary load needs of the Pseudo Generating Unit. Finally, CAISO agrees with Western that Western should be involved in the development of an operational schedule as described in section 2.1.16<sup>6</sup> of Schedule 2 of the Pseudo PGA because it has a long-term point-to-point transmission service agreement with Calpine, Calpine's Sutter

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<sup>6</sup> The section currently reads in relevant part that "[t]he ISO and SMUD will develop a coordinated operating procedure to facilitate the continued delivery of Energy and Ancillary Services from the Pseudo Generator to the desired delivery points in the event the primary contact path is unavailable or curtailed."

generating unit is within Western's sub-control area, and in the event that Calpine's Sutter generating unit is out of service, Calpine must secure transmission service from Western. Accordingly, CAISO agrees with Western that section 2.1.16 should be amended to include Western with the ISO and SMUD in the development of the coordinated operating procedure.

13. Our review of the proposed Pseudo PGA, with the proposed modifications by CAISO, indicates that the Pseudo PGA is just and reasonable and has not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Therefore, we will accept the proposed Pseudo PGA for filing without suspension or hearing. Additionally, CAISO is directed to file a revised Pseudo PGA that includes the modifications discussed above. Accordingly, we will require CAISO to make a compliance filing, within thirty days of the date of this order, to file a revised Pseudo PGA.

14. We find that good cause has been shown to allow waiver of the Commission's 60-day notice requirement to allow the Pseudo PGA, as modified by compliance, to be effective December 1, 2005, as requested

The Commission orders:

(A) The proposed Pseudo PGA is hereby accepted, as conditioned above, to be effective on December 1, 2005, as requested.

(B) CAISO is hereby directed to submit a compliance filing within 30 days of the date of this order reflecting the modifications discussed in the body of this order.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.