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 Nos. ER05-149-001
ER05-151-001
ER05-154-001
ER05-155-001

ORDER DENYING REHEARING

(Issued June 3, 2005)

1. In an order issued on December 30, 2004,[1] the Commission accepted for filing a series of filings submitted by the California Independent System Operator Corporation (CAISO or ISO). The filings effectuated settlements arising from the expiration on December 31, 2004 of the Western Area Power Administration's (Western) contracts with Pacific Gas and Electric Company (PG&E), the entity that served as Western's interface with the CAISO, and accommodated the transfer of Western's facilities from the CAISO to the Sacramento Municipal Utility District (SMUD) control area. In this order, we deny the requests for rehearing of the December 30 Order. This order benefits customers by addressing the terms and conditions governing access to the California-Oregon Intertie (COI).

Background

2. Western had contracts with PG&E which expired on December 31, 2004 under which PG&E acted as Western's interface with the CAISO. Western and PG&E executed these contracts in 1967 in connection with the construction of the Pacific

[1] *California Indep. Sys. Operator Corp.*, 109 FERC ¶ 61,391 (2004) (December 30 Order).

Northwest-Pacific Southwest Intertie (Pacific Intertie), a two-line facility that runs from the Pacific Northwest through California.[2] These long-term contracts formed the foundation of the relationship between Western and PG&E.

3. In 1996, California began to restructure its electric industry. As a result of this restructuring, and as required under California Assembly Bill 1890, in 1998, the CAISO officially began operations. As a result, the three investor-owned utilities, PG&E, Southern California Edison Company (SoCal Edison), and San Diego Gas and Electric Company (SDG&E) turned over operational control of their transmission facilities and contractual entitlements to the CAISO. Therefore, the use of Western's facilities under the contracts with PG&E had been operated under the CAISO Open Access Transmission Tariff (CAISO Tariff) since 1998. In an order issued on December 3, 2004, the Commission conditionally accepted for filing the notices of cancellation and offers of settlement related to the termination of these contracts.[3]

4. On July 13, 2004, Western announced that it had selected SMUD to host sub-control area operations for the Sierra Nevada Region beginning January 1, 2005.[4] Western decided, however, that its Pacific Intertie line would remain within the CAISO's control area, and Western would implement procedures with Bonneville Power Administration to enhance transmission system reliability across the California-Oregon border.[5] Western would now schedule power deliveries for project use loads and customers directly connected to its transmission system and in other control areas.[6] Western would also manage net power flows at the sub-control area interconnection points.[7]

5. Consequently, the CAISO submitted for filing the following agreements to effectuate two settlements that the Commission approved in its December 3 Order arising

[2] In northern California, Western owns one of the Pacific Intertie transmission lines from the Malin Substation to the Round Mountain Substation. PG&E controls the other line in the Pacific Intertie.

[3] *Pacific Gas and Elec. Co.*, 109 FERC ¶ 61,255 (2004) (December 3 Order).

[4] Western Press Release at 1 (July 13, 2004).

[5] *Id.*

[6] *Id.*

[7] *Id.*

from the expiration of Western's contracts with PG&E: (1) the PACI-W Operating Agreement between the CAISO and Western (PACI-W Operating Agreement) and (2) the Interim California-Oregon Transmission Project (COTP) Operations Agreement between the CAISO and the Transmission Agency of Northern California (Interim COTP Agreement).

6. The CAISO also submitted for filing the following agreements to accommodate the planned change in control area boundaries related to Western's decision to join the SMUD control area beginning January 1, 2005: (1) Amendment No. 2 to the Interconnected Control Area Operating Agreement between the CAISO and SMUD (CAISO/SMUD ICA Operating Agreement Amendment No. 2); (2) an Operating Agreement between the CAISO and Western (CAISO/Western Operating Agreement) and revisions to the Meter Service Agreement for Scheduling Coordinators between the CAISO and Western (Revisions to CAISO/Western MSA); (3) the CAISO/Trinity Utility Distribution Company (UDC) Operating Agreement; and (4) a Dynamic Scheduling Agreement for Scheduling Coordinators between the CAISO and Calpine Energy Services, LP (CAISO/Calpine Energy Dynamic Scheduling Agreement). Finally, the CAISO submitted for filing a Notice of Cancellation of the Metered Subsystem Agreement between the CAISO and the City of Roseville and Notices of Cancellation of the Participating Generator Agreement (PGA) and the Meter Service Agreement (MSA) for CAISO Metered Entities between the CAISO and Calpine Construction Finance Company (Notices of Cancellation of CAISO/Calpine PGA and MSA).

7. In the December 30 Order, the Commission accepted the proposed CAISO/Trinity UDC Operating Agreement for filing, suspended it for a nominal period, made it effective January 1, 2005, subject to refund, and set it for hearing and settlement judge procedures. The Commission accepted the other filings, effective January 1, 2005, and directed the CAISO to make compliance filings.[8]

[8] *See* December 30 Order, 109 FERC ¶ 61,391 at P 34, 53, 65 (2004). On January 31, 2005, the CAISO submitted compliance filings in Docket Nos. ER05-149-002, ER05-151-002 and ER05-155-002 as directed. Pursuant to delegated authority, the Commission's Director of the Division of Tariffs and Market Development – West accepted those filings. *See California Indep. Sys. Operator Corp.*, Letter Order, Docket No. ER05-149-002 (Apr. 8, 2005); *California Indep. Sys. Operator Corp.*, Letter Order, Docket No. ER05-155-002 (Apr. 8, 2005); *California Indep. Sys. Operator Corp.*, Letter Order, Docket No. ER05-151-002 (Apr. 14, 2005).

8. On January 31, 2005, Calpine Corporation, Calpine Construction Finance Company, L.P. and Calpine Energy Services, L.P. (collectively, Calpine) jointly filed a request for rehearing in Docket Nos. ER05-149-001, ER05-151-001 and ER05-154-001. Southern California Edison Company (SoCal Edison) and San Diego Gas & Electric Company (SDG&E) (collectively, SoCal/SDG&E) jointly filed a request for rehearing in Docket No. ER05-155-001.

Discussion

A. Docket No. ER05-155-001: Agreements Effectuating Settlement Agreements Between Western, PG&E and the CAISO

9. In Docket No. ER04-693-000, PG&E, Western, and the CAISO filed a notice of cancellation of the Coordinated Operations Agreement between SoCal Edison, SDG&E, and the participants in the COTP (Coordinated Operations Agreement).[9] PG&E stated that the proposed termination of Contract 2947A in Docket No. ER04-688-000 triggered the termination of the Coordinated Operations Agreement.

10. In an offer of settlement in Docket No. ER04-693-001, PG&E filed a revised Owners Coordinated Operation Agreement (Owners Agreement)[10] and a new COI Path Operating Agreement (Path Operating Agreement) to replace the Coordinated Operations Agreement. In its December 3 Order, the Commission found the settlement just and reasonable.[11] The Commission accepted the proposed notice of cancellation of PG&E Rate Schedule 146 and accepted the proposed Owners Agreement, effective January 1, 2005.[12]

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[9] The Coordinated Operations Agreement coordinated operation of the COTP, a 500 kV line between southern Oregon and central California with two 500 kV AC lines of the Pacific Intertie in northern and central California. It was designated as PG&E Rate Schedule FERC No. 146. Collectively, the COTP and the Pacific Intertie are referred to as the COI.

[10] The Owners Agreement governs the coordinated operation of the Pacific Intertie and COTP and maintains the system as coordinated facilities to benefit transfer capability.

[11] December 3 Order, 109 FERC ¶ 61,255 at P 118.

[12] *Id.*

11. In Docket No. ER04-688-000, PG&E requested termination of service under Contract 2947A,[13] which would expire under its own terms on January 1, 2005. In an offer of settlement filed in ER04-688-001, the rate schedules underlying Contract 2947A would be cancelled and replaced by a new contract, the Transmission Exchange Agreement. In the December 3 Order, the Commission found the settlement just and reasonable.[14] The Commission accepted, among other things, the proposed notice of cancellation of PG&E Rate Schedule 35 and related rate schedules and contracts and accepted the settlement, including the proposed Transmission Exchange Agreement, effective January 1, 2005.[15]

12. Section 8.2.1 of the Owners Agreement requires each party to the agreement to make arrangements, either collectively or individually, for its facilities that are part of the System[16] to be operated within a North American Electric Reliability Council certified control area and make reasonable efforts to require the control area operator to operate such facilities in conformance with the Owners Agreement. In response to this requirement, on November 1, 2004, in Docket No. ER05-155-000, the CAISO filed (1) the PACI-W Operating Agreement[17] to meet this requirement for Western with respect to the PACI-W and (2) the Interim COTP Agreement[18] to meet this requirement

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[13] Contract 2947A was a transmission exchange contract that provided Western with 400 MW of bi-directional transmission service between Round Mountain and Western's Tracy substation. In turn, Western provided the companies with bi-directional transmission service between Malin and Round Mountain at the full capability of Western's 500 kV line, less the amount (up to 400 MW) reserved for Western's use.

[14] December 3 Order, 109 FERC ¶ 61,255 at P 48.

[15] *Id.*

[16] Under the Owners Agreement, the "System" is defined as the combined PACI-P, PACI-W and COTP.

[17] This agreement details the operational control over the 1,200 MW of the PACI-W that is included in the accepted Transmission Exchange Agreement as well as 400 MW that Western retains on the PACI-W.

[18] This agreement allows the CAISO to ensure that the transactions on the COTP are consistent with the operations of the CAISO for the interim period when the COTP remains in the CAISO control area. The agreement addresses issues such as operating requests, maintenance, outages, emergency response, studies, COI schedules, COI

(continued)

for the Transmission Agency of Northern California, on behalf of the COTP Participants that are not Participating Transmission Owners (PTOs).[19] In the December 30 Order, the Commission accepted the PACI-W Operating Agreement and the Interim COTP Agreement.[20]

Interim COTP Agreement

Creation of a Scheduling Entity

13. Under the Interim COTP Agreement, non-PTO COTP Participants are required to designate a Scheduling Entity (SE) to provide schedules to the CAISO. The SE differs from a Scheduling Coordinator because the SE is assessed different charges and the final time for schedule changes is 20 minutes before the operating hour.

14. In the December 30 Order, the Commission stated that the creation of an SE was but one piece of the overall package designed to continue service at non-pancaked rates.[21] The Commission further stated that, as such, the Interim COTP Agreement contributes to the continued reliability and scheduling efficiency benefits achieved by the totality of the settlements and agreements filed.[22] Accordingly, the Commission accepted the Interim COTP Agreement as filed.[23] The Commission also rejected the parties' arguments that the use of an SE is inappropriate.[24] The Commission explained that the Interim COTP Agreement was not part of the CAISO Tariff and that the Interim COTP Agreement

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emergencies, voltage control and reactive support, and removal from and restoration of service. *See* December 30 Order, 109 FERC ¶ 61,391 at P 37.

[19] *See* CAISO Nov. 1, 2004 Transmittal Letter at 3 (Docket No. ER05-155-000).

[20] December 30 Order, 109 FERC ¶ 61,391 at P 25, 29, 37.

[21] *Id*. at P 43.

[22] *Id.*

[23] *Id.*

[24] *Id*. at P 44.

provides for the reliable operation of the non-PTO's portion of the COTP, consistent with the CAISO's control area requirements.[25]

15. On rehearing, SoCal/SDG&E argue that the creation of the SE and the resulting exemption from the must-offer charge has not and cannot be shown to be part of an overall package designed to continue service at non-pancaked rates. They contend that, with the Interim COTP Agreement in place, a third party using both the COTP and the ISO-controlled grid would pay pancaked charges for transmission service (*i.e.*, one charge to the COTP participant and one to the CAISO). They state that the Interim COTP Agreement does not prevent a COTP participant from charging for use of the COTP under its own tariff. They also argue that the exemption is not needed to avoid pancaking because, with or without the must-offer charge exemption contained in the Interim COTP Agreement, load or demand using both the COTP and the ISO-controlled grid would pay for must-offer charges only once. They request that the Commission explain which rates would no longer be pancaked due to the existence of the Interim COTP Agreement. SoCal/SDG&E also assert that the creation of the SE and resulting must-offer charge exemption were not part of the "package" that was negotiated as part of the settlement agreement in Docket Nos. ER04-688, *et al*.

16. SoCal/SDG&E have misconstrued our finding. The settlements that resulted from the termination of Western and PG&E contracts on December 31, 2004 left a gap in the operational management of the COI, including the COTP, between January 1, 2005 (the day after the PG&E contracts terminated) and September 2005 (the approximate date upon which Western is expected to join SMUD). As a result, the parties made arrangements for the CAISO to continue to function as the path operator for the COI, including the COTP, for that limited period to ensure it will continue to be operated and scheduled in a reliable manner.[26] Contrary to SoCal/SDG&E's assertion, the parties have not added any transmission charges for the individual COTP owners but have instead continued an arrangement that ensures that customers will only pay once for transmission across the COI. Therefore, there are no new pancaked rates created as a result of the parties' agreements.

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[25] *Id.*

[26] *Id*. at P 35. The Path Operating Agreement and the Owners Agreement, accepted by the Commission in the December 3 Order, establish this responsibility for the CAISO. *Id*. at n.20.

17. In the Interim COTP Agreement, the parties created an SE entity as a short-term bridge in order to continue operation of the COTP line pursuant to the roles and terms familiar to the parties, without utilizing or revising the Scheduling Coordinator role used in the CAISO Tariff. By mentioning that the creation of the SE was one piece of the overall package, the Commission meant that the Interim COTP Agreement, which includes the concept of an SE, was one piece of an overall COI settlement package designed to facilitate a smooth transition from bundled services (under the Western/PG&E contracts) to unbundled services, which impacts service into California and perhaps into two separate control areas with differing operating protocols. The COI settlement package established a series of agreements that provides the CAISO with, among other things, continued use of 1,200 MW of capacity across the PACI for CAISO control area operations and interim operational control over the COTP, allowing the CAISO to maintain reliable operation over the three parallel lines that make up the COI (as was done historically through the now expired Western/PG&E contracts). Furthermore, the Commission's reference to the continuation of service at non-pancaked rates referred to customers' ability, through the new agreements, to continue transmission service across the CAISO without new transmission charges. Again, there are no new transmission charges proposed in any of the Commission-approved agreements that are part of the COI settlement package. Finally, allowing the COTP customers an exemption from the CAISO's must-offer charge is merely an interim arrangement, which customers believe ensures that no duplicative charges will arise through the use of the COTP line administered by the CAISO during the approximate nine month interim period, while the parties define future roles, charges and requirements for developing parallel operations between the two control areas. Because we continue to find these agreements in their totality are just and reasonable, we deny this request for rehearing.

18. SoCal/SDG&E further claim that the notion that continued reliability and scheduling efficiency benefits offset the cost-shifts to SoCal/SDG&E and others and mitigate the discrimination resulting from the must-offer charge exemption is not supported by the evidence. They contend that the Commission's mention of *continued* reliability and scheduling efficiency benefits implies that there has been no increase in reliability and scheduling efficiency from the *status quo* and that, therefore, parties will pay more in must-offer charges without any change in the level of service received. They conclude that, unless there is evidence that the Interim COTP Agreement provides actual, quantitative improvement in reliability and scheduling efficiency, there is no evidentiary basis for now exempting COTP participants' load and demand from must-offer charges.

19. We disagree. The prior contracts that governed both operations and rates expired on their own accord. There was no guarantee that prior service and charges would continue. We find that the new agreements in the COI settlement package taken as a whole provide substantial benefits. The COI provides 4,800 MW of capacity into

California. The absence of agreements between the owners to operate the three COI lines in parallel and in an efficient manner with a designated operator and clear operating protocols may have affected both transmission charges and reliable service across the intertie into California after the expiration of the Western/PG&E contracts on December 31, 2004. Through settlement negotiations, the parties developed both long-term and interim agreements that attempt to be fair to all owners and customers equally. This action benefits customers by providing continued reliable service across the intertie at rates that reflect minimum costs.

20. As explained above, the Interim COTP Agreement, which is one part of the overall COI settlement package, is necessary to fill the operational void created by the gap between the date when the PG&E contracts terminated and the date SMUD will take over operational control of the COTP in approximately September 2005. The parties sought out a solution that would ensure the continued reliable operation and scheduling of the COTP during this approximately nine month period. We do not find that the Interim COTP Agreement, which includes the SE provisions, is unduly discriminatory; we continue to find that it is just and reasonable due to its limited duration and its contribution to the reliability and scheduling efficiency benefits achieved by the totality of the settlements and agreements filed. For these reasons, we deny rehearing.

B. Agreements and Notices of Cancellation Related to Western's Transfer To SMUD Control Area

Docket No. ER05-149-001: CAISO/SMUD ICA Operating Agreement Amendment No. 2; Docket No. ER05-151-001: CAISO/Western Operating Agreement and Revisions to CAISO/Western MSA; and Docket No. ER05-154-001: CAISO/Calpine Energy Dynamic Scheduling Agreement and Notices of Cancellation of CAISO/Calpine PGA and MSA

21. On November 1, 2004, the CAISO filed three agreements related to the transfer of Western's facilities to the SMUD control area, which impact the Sutter Power Plant (Sutter), a facility owned by Calpine Construction Finance Company, L.P. Those agreements are the CAISO/SMUD ICA Operating Agreement Amendment No. 2,[27] the

[27] The CAISO/SMUD ICA Operating Agreement is designed to assist the CAISO and SMUD in coordinating the operation and maintenance of their interconnected control areas consistent with NERC and WECC criteria. Amendment No. 2 addresses the change in relationship between the CAISO and SMUD as a result of Western joining the SMUD control area and transferring certain Western loads, generation and transmission facilities (continued)

CAISO/Western Operating Agreement,[28] and the CAISO/Calpine Energy Dynamic Scheduling Agreement.[29] In the December 30 Order, the Commission accepted these agreements in Docket Nos. ER05-149-000, ER05-151-000 and ER05-154-000, respectively. In the December 30 Order, the Commission also accepted, in Docket No. ER05-154-000, the Notices of Cancellation of the CAISO/Calpine PGA and MSA.

Movement of Sutter to SMUD Control Area

22. Sutter is a new large scale generating facility that came on-line to help supply shortfalls experienced during the California energy crisis. While Sutter is connected to Western's 230 kV transmission line near Yuba City, California, Sutter was originally within the CAISO control area. As a result of Western's decision to withdraw its facilities from the CAISO and move those facilities to the new SMUD control area, Sutter no longer is within the CAISO control area.

23. In the December 30 Order, the Commission recognized that the decision by Western had the potential to create seams; however, since neither SMUD nor Western is a public utility, the Commission could not hold Calpine harmless or direct them to enter into arrangements for dynamic scheduling under section 205 of the Federal Power Act (FPA), as requested.[30] The Commission pointed out, however, that it had approved

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at 230 kV and below that are directly connected to the Western system into the SMUD control area.

[28] The Operating Agreement governs the physical and operational interface between Western and the CAISO-controlled grid. The Operating Agreement is based on the *pro forma* UDC operating agreement, which applies to utilities that own or operate their distribution systems within the CAISO control area and participate in the California market by transmitting energy or ancillary services to or from the CAISO-controlled grid or are directly connected to the CAISO-controlled grid.

[29] The CAISO/Calpine Energy Dynamic Scheduling Agreement implements the CAISO Tariff provisions relating to dynamic imports of energy, supplemental energy and energy associated with non-regulation ancillary services (spinning reserves and non-spinning reserves) by Scheduling Coordinators from system resources. The Dynamic Scheduling Agreement allows Calpine Energy to dynamically schedule with the CAISO once Calpine is not part of the CAISO control area effective January 1, 2005.

[30] *See* December 30 Order, 109 FERC ¶ 61,391 at P 58.

standards in the CAISO Tariff that apply to the dynamic scheduling of imports of energy and ancillary services from resources external to the CAISO control area. The Commission encouraged the CAISO, Western and SMUD to continue to develop dynamic scheduling programs which will benefit generators, including Calpine, and customers.[31] The Commission also noted that, in the December 30 Order, it was accepting the CAISO/Calpine Energy Dynamic Scheduling Agreement filed in Docket No. ER05-154-000.[32]

24. On rehearing, Calpine argues that the Commission improperly declined to examine the impact of Western's move to the SMUD control area by taking an unreasonably narrow view of its authority to act. Calpine contends that, while the Commission does not have jurisdiction under sections 205 and 206 of the FPA over entities such as Western and SMUD, pursuant to *City of Vernon*,[33] it does have authority to consider non-jurisdictional activities when exercising its jurisdictional authority. Calpine adds that, according to *South Carolina Public Service Authority*,[34] the Commission thus has authority over non-jurisdictional entities to ensure that they comply with Commission rules and practices. Calpine argues that its request that the Commission condition its acceptance of the CAISO filings on the completion of certain agreements among the parties that would more clearly define the operation of Sutter and properly address the implications of Western's control area transfer (*e.g.*, through the initiation of a technical conference) fall within this authority.

25. Calpine argues that the Commission's failure to conduct an analysis or inquiry into the potential for the Western move to create seams in the California electricity market is not in accord with the FPA, Order Nos. 888 and 889 and the Commission's rules regarding reciprocal tariffs. Calpine contends that the potential creation of seams runs counter to the Commission's policy of eliminating seams that divide markets and allowing open access on non-discriminatory terms. Calpine claims that Western has expressly acknowledged the Commission's subject matter jurisdiction in similar

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[31] *Id*.

[32] *Id*.

[33] *Citing City of Vernon*, 93 FERC ¶ 61,103 at 61,285 (2000) (*citing South Carolina Pub. Serv. Auth.*, 75 FERC ¶ 61,209 at 61,696 (1996)).

[34] *Citing South Carolina Pub. Serv. Auth.*, 75 FERC ¶ 61,209 at 61,697.

situations and has voluntarily committed to abide by the Commission's standards of conduct prescribed in Order Nos. 888 and 889.

26. Calpine contends that the concerns underlying Order Nos. 888 and 889 are triggered here because Western, the party with whom Sutter has a contractual relationship for transmission, has been unable or unwilling to comply with those orders under the new control area scheme, even though the Commission has recognized that SMUD will have the ultimate authority as the control area operator. Calpine adds that the same concerns that supported the Commission's assertion of jurisdiction over governmental entities, including SMUD and Western, in *San Diego Gas & Electric Company*,[35] and in connection with Order Nos. 888 and 889 also exist here: (1) Calpine's PGA and MSA with the CAISO will be (has been) terminated due to the actions of SMUD and Western; (2) the changes will directly impact the CAISO's ancillary services market and Calpine customers in the CAISO control area; and (3) Western's agreements with Calpine explicitly identify the CAISO as the control area for their transmission and energy dealings and Sutter was expressly intended to provide power and ancillary services to the CAISO energy markets.

27. We disagree with Calpine. Essentially, Calpine argues that the Commission can and should, under the FPA, take action against non-public utilities. However, the FPA does not, in the circumstances here, grant the Commission the authority to take the actions requested. In this regard, Calpine misconstrues our precedent. While the Commission can look at non-jurisdictional entities and activities when exercising the jurisdiction it has, that does not mean that the Commission can take jurisdiction over otherwise non-jurisdictional entities and activities in the circumstances here and grant Calpine the relief it requests.

28. None of the precedent cited by Calpine supports the relief it requests. *City of Vernon*[36] addressed the City of Vernon's desire to become a PTO in the CAISO and whether the Commission-jurisdictional CAISO's rates would be just and reasonable after the inclusion of the City of Vernon's transmission revenue requirements. The Commission's focus there was the reasonableness of the CAISO's rates (*i.e.*, jurisdictional rates). *San Diego Gas & Electric Company*[37] addressed the Commission's

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[35] *Citing San Diego Gas & Elec. Co.*, 97 FERC ¶ 61,275 at 62,181-182 (2001).

[36] *City of Vernon*, 93 FERC ¶ 61,103.

[37] *San Diego Gas & Elec. Co.*, 97 FERC ¶ 61,275.

jurisdiction over governmental entities that chose to sell energy in a single centralized, and Commission-authorized, price auction market, pursuant to market rules set by the Commission and administered by public utilities subject to the Commission's jurisdiction. The reciprocity requirement set forth in Order Nos. 888[38] and 889[39] is a voluntary "safe harbor" available to non-public utilities which seek to take service under a public utility's open access transmission tariff. The Commission does not take jurisdiction over those non-public utilities. *South Carolina Public Service Authority*[40] addressed a non-public utility's attempt to meet the reciprocity requirement set forth in Order No. 888 so that it could take service under a public utility's open access transmission tariff.

29. Here, we are presented with a non-jurisdictional entity, Western, which seeks to largely discontinue its relationship with a jurisdictional entity, the CAISO. The precedent cited by Calpine is not applicable here. Since the Commission does not have jurisdiction over Western (or SMUD) in this circumstance, we cannot give Calpine the relief it ultimately seeks; that is, we cannot direct Western (or SMUD) to enter agreements that would more clearly define the operation of Sutter. Accordingly, we deny the request for rehearing.

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[38] *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888**,** FERC Stats. & Regs. ¶ 31,036 at 31,760-62 (1996), *order on reh'g,* Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 (1997), *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g,* Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC,* 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC,* 535 U.S. 1 (2002).

[39] *Open-Access Same-Time Information System (Formerly Real-Time Information Networks) and Standards of Conduct*, Order No. 889, FERC Stats. & Regs. ¶ 31,035 at 31,594 (1996), *order on reh'g*, Order No. 889-A, FERC Stats. & Regs. ¶ 31,049 (1997), *order on reh'g*, Order No. 889-B, 81 FERC ¶ 61,253 (1997), *order on reh'g*, Order No. 889-C, 82 FERC ¶ 61,046 (1998).

[40] S*outh Carolina Pub. Serv. Auth.*, 75 FERC ¶ 61,209.

The Commission orders:

The requests for rehearing are hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.