

123 FERC ¶ 61,092  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

California Independent System Operator Corporation      Docket No. ER08-617-000

ORDER CONDITIONALLY ACCEPTING INTERCONNECTED BALANCING  
AUTHORITY AREA OPERATING AGREEMENT

(Issued April 29, 2008)

1. On February 29, 2008, pursuant to section 205 of the Federal Power Act,<sup>1</sup> the California Independent System Operator Corporation (CAISO) filed the Interconnected Balancing Authority Area Operating Agreement as Amended and Restated (Amended IBAAOA) between the CAISO and the Western Area Power Administration, Desert Southwest Region (WALC). In this order we conditionally accept, subject to modification, the Amended IBAAOA, effective April 30, 2008, as requested by the CAISO.

**I. Background**

2. The CAISO explains that before its amendment and restatement, the Amended IBAAOA was known as the Interconnected Control Area Operating Agreement (ICAOA).<sup>2</sup> The original version of the ICAOA was filed in Docket No. ER98-3708-000, and accepted by the Commission, subject to hearing and settlement judge proceedings. Thereafter, the Commission approved an offer of settlement,<sup>3</sup> and on March 14, 2001, the Commission accepted a compliance filing containing a revised version of the ICAOA in

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<sup>1</sup> 16 U.S.C. § 824d (2000 & Supp. V 2005).

<sup>2</sup> The CAISO explains that the name ICAOA has been changed to the Amended IBAAOA because references to the CAISO “Control Area” (rather than to the CAISO “Balancing Authority Area”) are outdated. *See* CAISO February 29, 2008 Transmittal Letter accompanying IBAAOA Filing, Docket No. ER08-617, at 2 n.2 (Transmittal Letter).

<sup>3</sup> *Cal. Indep. Sys. Op. Corp.*, 87 FERC ¶ 61,231 (1999).

Docket No. ER98-3708-001. The CAISO filed Amendment No. 1 to the ICAOA on February 21, 2002, in Docket No. ER02-1053-000, which the Commission accepted by letter order issued April 8, 2002.

## **II. The Amended IBAAOA**

3. The CAISO states that the Amended IBAAOA will assist the CAISO and WALC in coordinating the operation and maintenance of their interconnected Balancing Authority Areas in a manner consistent with North American Electric Reliability Corporation (NERC) criteria, Western Electricity Coordinating Council (WECC) Minimum Operating Reliability Criteria, and Good Utility Practice. The Amended IBAAOA contains a number of changes and additions to the currently effective ICAOA, including replacing the terms “Control Area” and “control area operator” with the updated terms “Balancing Authority Area” and “Balancing Authority,” respectively. The CAISO also comments that corrections of minor typographical errors and omissions have been made throughout the Amended IBAAOA. Further, a newly defined term, “Reliability Standard,” has been added in a new section 2.2.13, and, throughout the Amended IBAAOA, provisions have been added requiring compliance with NERC and WECC Reliability Standards. Section 4 has been updated to describe reliability coordination between the California-Mexico and the Rocky Mountain Desert Southwest Reliability Coordinators. The CAISO explains that section 5.4 and Service Schedule 17 have been added to facilitate imports of dynamically scheduled energy and non-regulation ancillary services into the CAISO Balancing Authority Area, and section 7 provisions concerning emergency operation have also been modified.

4. In addition, the CAISO explains that the Amended IBAAOA contains provisions in section 10.4 to remove references to California state courts as an appropriate forum, and Service Schedule 1 has been modified to update the description of the interconnection between the CAISO and WALC, and to add revenue metering and telemetry provisions. Service Schedule 3 has been modified to update CAISO and WALC contact information, Service Schedule 8 has been modified to update information exchange procedures for grid operations, and Service Schedule 9 has been modified to update provisions concerning interconnection information. Service Schedule 10 has been modified to update joint operating procedures between CAISO and WALC, and Service Schedule 11 has been modified to update provisions concerning information exchange and coordination for interchange scheduling and dispatch. Service Schedule 12 has been modified to update maintenance coordination procedures, and Service Schedule 13 has been modified to update emergency assistance provisions. Service Schedule 15 has been modified to update restoration coordination.

5. Further, a new section 4.4 has been added to Service Schedule 16 to provide that the CAISO and WALC will share in real-time deviations from dynamic System Resources on a pro-rata basis, and that under the provisions of this section, WALC will comply with NERC and WECC Reliability Standards regarding System Resources’ output not dynamically scheduled into the CAISO’s Balancing Authority Area. Finally, a

new Service Schedule 17 has been added to set forth inter-Balancing Authority Area requirements for scheduling and dynamic delivery of energy, supplemental energy, and energy associated with non-regulatory ancillary services to the CAISO.

### **III. Notice of Filing and Responsive Pleadings**

6. Notice of the February 29, 2008 filing was published in the *Federal Register*, 73 Fed. Reg. 13,878 (2008), with interventions or protests due on or before March 21, 2008.

7. The following entities filed timely interventions, protests and/or comments: Griffith Energy LLC, the Metropolitan Water District of Southern California (Metropolitan or MWD), the Modesto Irrigation District, the M-S-R Public Power Agency and the Cities of Redding and Santa Clara, and the Transmission Agency of Northern California (TANC). On April 7, 2008, Calpine Energy Services, L.P. (Calpine), and South Point Energy Center, LLC (South Point) filed a joint Motion to Intervene Out-of-Time. The CAISO filed an Answer to Motions to Intervene and Comments, and TANC filed a Motion for Leave to File an Answer and Answer on April 11, 2008.

#### **A. Comments**

8. On March 21, 2008, Metropolitan filed comments to the CAISO's Amended IBAAOA, requesting several changes to the proposal. First, Metropolitan argues that adding the adjective "Participating" before Transmission Owners at section 3.2.7 would exclude Metropolitan from the coordination of procedures involving its facilities. Metropolitan also argues that this limitation conflicts with sections 3.1.2 and section 9 of the Amended IBAAOA. Metropolitan requests that the Commission maintain the original agreement text referencing joint implementation of procedures by the CAISO, WALC and [all affected] Transmission Owners. Further, Metropolitan comments that in the Service Schedule 1, the CAISO's deletion of text that identified Metropolitan as the Transmission Owner for the Camino-Mead transmission lines creates confusion. Metropolitan requests that the facilities' description be amended to accurately state: "Transmission Owner: MWD."

9. Also, Metropolitan argues that Service Schedule 1 contains an inaccuracy in its identification of the "Gene Pumping Plant" as an interconnection point, and requests that the phrase "Gene Pumping Plant" appear after "ISO Terminal." Similarly, Metropolitan requests that "Point of Interconnection" be replaced by "Gene 230 kV Switchyard." Further, Metropolitan requests that the first sentence of Service Schedule 1, which incorrectly describes one of the six interconnections between the ISO and WALC as "Parker Generation Plant," be changed to "Gene 230 kV Switchyard."

10. Metropolitan also comments that in Service Schedule 4, the respective jurisdictions for the Camino-Mead 230 kV East and West Transmission Lines are inaccurate. The Service Schedule states: "Jurisdictional Boundary: MWD owns and has operational jurisdiction of the transmission line up to the Mead Substation bus."

Metropolitan explains that it does not have “operational jurisdiction,” and therefore requests deletion of the phrase “and has operational jurisdiction of” after MWD, and correction of “transmission line” to “transmission lines,” to accurately reflect the existence of both lines.

11. Within Service Schedule 5 and under the section “Camino-Mead 230kV East and West Transmission Lines,” Metropolitan requests that “Clearance/Switching Instructions:” be modified to “MWD and WALC issue intercompany clearances, coordinated with ISO and SCE.”<sup>4</sup> Metropolitan explains that this change will more accurately describe how switching instructions are provided, as Metropolitan does not issue any clearances without first coordinating through SCE. Also within this same section, under the description “Gene (MWD) – Parker 230kV Transmission Line:,” Metropolitan requests that the terms “Clearance/Switching Instructions:” be changed to read “SCE and WALC issue intercompany clearances, coordinated with ISO and MWD.” Metropolitan explains that it makes this request because SCE owns the breakers.

12. TANC comments that the Amended IBAAOA reflects the signatories’ agreement to operational and transactional arrangements between balancing authorities, that it reflects the demarcation between the CAISO and the other balancing authority area, and that it preserves existing contracts, thereby ensuring operational continuity.

## **B. Answers**

13. The CAISO’s Answer explains that it does not object to any of the changes to the Amended IBAAOA proposed by Metropolitan. The CAISO represents that it discussed these proposed changes with WALC, Metropolitan, and SCE, each of whom is referenced in the Amended IBAAOA. On the basis of these discussions, the CAISO comments that these changes will permit the Amended IBAAOA to more accurately reflect the interconnections’ parameters and the operational jurisdiction and coordination by the various entities described in the Amended IBAAOA.

14. TANC’s Answer seeks to make clear that it is not taking a position on the Amended IBAAOA filing, but rather only offering the comment that “mutual agreement is an essential ingredient for acceptance or approval by the Commission of operational and transactional arrangements between balancing authorities.”<sup>5</sup>

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<sup>4</sup> SCE refers to Southern California Edison Company.

<sup>5</sup> TANC, April 11, 2008 Motion for Leave to File Answer and Answer, Docket No. ER08-617, at 3.

**IV. Discussion****A. Procedural Issues**

15. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2007), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

16. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2007), the Commission will grant the late-filed motion to intervene submitted jointly by Calpine and South Point, given their interests in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay. Finally, Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2007), prohibits answers unless otherwise ordered by the decisional authority. We will accept the answers because they assisted us in our decision-making process.

**B. Determination**

17. We conditionally accept the Amended IBAAOA between the CAISO and WALC, subject to the inclusion of the changes requested by Metropolitan and agreed to by the CAISO. We find that these changes will more accurately reflect the terms of the agreement, as discussed above, and enhance the signatories' coordination of their interconnected Balancing Authority Areas. Accordingly, we direct the CAISO to file a revised Amended IBAAOA within 30 days of the issuance of this order, with an effective date of April 30, 2008.

**The Commission orders:**

(A) The Amended IBAAOA is hereby conditionally accepted, effective April 30, 2008.

(B) The CAISO is directed to submit a compliance filing revising the Amended IBAAOA, as discussed in the body of this order, within 30 days of the issuance of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.