

109 FERC ¶ 61,051
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Southern California Edison Company

Docket No. ER04-890-001

ORDER ON REHEARING

(Issued October 12, 2004)

1. In this order, we grant rehearing of a July 20, 2004 Order accepting revisions to Southern California Edison Company's (SoCal's) Transmission Owner's Tariff¹ and change the effective date for SoCal's revised tariff sheets submitted in this docket 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 *Southern California Edison Company*, 108 FERC 61,073 (2004) (*SoCal 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, Pacific Gas & Electric Company (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 28, 2004, SoCal filed proposed revisions to its Transmission Owner's Tariff to allow it to recover from its customers the minimum load costs allocated to SoCal pursuant to the CAISO's cost allocation methodology proposed in Amendment No. 60. SoCal requested an effective date concurrent with the effective date of the CAISO's Amendment No. 60 filing. In the *SoCal* Order, the Commission accepted SoCal'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. In its request for clarification, or in the alternative rehearing, SoCal states that the CAISO filed testimony in the consolidated hearing requesting that the Presiding Administrative Law Judge accept PG&E's recommendation regarding the effective date of July 17, 2004, established by the Commission in its order setting the PG&E complaint for hearing in Docket No. EL04-103-000.⁶ According to SoCal, the CAISO has conceded that the effective date for the must-offer cost allocation methodology at issue in Amendment No. 60 should be July 17, 2004 and not the date originally proposed by the CAISO and adopted by the Commission. Thus, SoCal requests clarification that the Commission intended in the *SoCal* Order that the effective date of SoCal's tariff provisions proposed in this docket will be the same effective date as any revisions to the cost allocation provisions in the consolidated Amendment No. 60 proceedings. Alternatively, SoCal requests rehearing, claiming that the Commission erred (1) in failing to rule that the revisions to SoCal's tariff should go into effect at the same time as the cost allocation provisions of the CAISO's Amendment No. 60; and (2) by failing to set an effective date that takes into account the PG&E complaint and its potential.

⁴ Docket No. EL04-103-000.

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

⁶ *See* Direct Testimony of Brian Theaker on Behalf of the CAISO, at 4-5, 35 (August 16, 2004).

6. The Commission grants SoCal's request for rehearing. The CAISO has informed the Commission that the Phase 1B software is ready to be deployed as of October 1, 2004.⁷ 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 SoCal is able to recover (without any gap in time) all minimum load costs allocated to it under the CAISO's revised methodology, and consistent with PG&E's complaint, it is necessary to make SoCal'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:

Southern California Edison 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.

⁷ September 17, 2004, CAISO Notice of Implementation of Phase 1B Software, Docket No. ER03-1046-000.