

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System Operator Corporation	)	Docket Nos. ER08-1178-000
	)	EL08-88-000
	)	

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**SOUTHERN CALIFORNIA EDISON COMPANY'S REQUEST FOR REHEARING AND  
COMMENTS ON EXCEPTIONAL DISPATCH**

Pursuant to Rules 211 and 713 of the Rules and Regulations of the Federal Energy Regulatory Commission (“Commission” or “FERC”), 18 C.F.R. §§ 385. 211 (2009), Southern California Edison Company (“SCE”) hereby submits this Request for Rehearing and Comments on the Commission’s “Order on Section 206 Investigation, Technical Conference, Accepting in Part and Rejecting in Part Tariff Provisions, and Implementing Transitional Measures,” issued on Feb. 20, 2009 in the above-captioned dockets (the “February 20 Order”).

**I. SPECIFICATION OF ERRORS**

The following concise Specification of the Errors in the February 20 Order is provided in accordance with Rule 713(c)(1) of the Commission’s Rules of Practice and Procedure: The Commission erred by ordering the removal of the temporary cap (aka mitigation) on the supplemental revenues an Exceptionally Dispatched non-RA unit may receive four months after MRTU go-live.

## **II. STATEMENT OF ISSUES**

The following Statement of Issues is provided in accordance with Rule 713(c)(2) of the Commission's Rules of Practice and Procedure:

Issue: Whether the Commission erred in the February 20 Order by ordering the removal of the temporary cap (aka mitigation) on the supplemental revenues an Exceptionally Dispatched non-RA unit may receive four months after MRTU go-live.

Position: Yes. The time period of four months is arbitrary and may not provide sufficient time for the CAISO to adequately develop, implement, and test software modifications. *See Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto Ins. Co.*, 463 U.S. 29, 43 (1983). Instead, SCE recommends that FERC allow the transitional mitigation to terminate upon notification by the CAISO that the necessary fixes have been implemented and adequately tested.

## **III. REQUEST FOR REHEARING**

### **A. The Four Month Transition Period May Not Provide Sufficient Time For All Necessary Software Fixes To Be Implemented.**

SCE recognizes the importance of the CAISO developing the ability to assess market power situations and implementing software changes that will minimize the number of exceptional dispatches (P. 24, P. 44). SCE also recognizes FERC's desire to not allow the CAISO to use the approved mitigation measures for an undefined period (P. 85). However, SCE is concerned, based upon our ongoing participation in these stakeholding proceedings as well as participation in the other numerous MRTU related activities, that the CAISO suggested and

FERC approved four month transition period may not provide sufficient time for all the necessary software fixes to be implemented.

As noted in the February 20 Order, the CAISO's filing requested the ability to implement mitigation measures for units that are exceptionally dispatched as a means to address potential market power situations that may result due to existing software limitations<sup>1</sup>. Also noted in the February 20 Order, FERC strongly encouraged the CAISO to continue working with stakeholders on at least two stakeholder processes to identify, develop, implement and test solutions that are intended to reduce either the number of required exceptional dispatches or the potential for a resource to exhibit market power during an exceptional dispatch (P 26, P 44). SCE has and will continue to participate in these stakeholder proceedings. However, SCE is not sure of the CAISO's basis for suggesting the four-month temporary mitigation period<sup>2</sup>. SCE concurs with FERC's statement that a temporary revenue cap is a just and reasonable measure to protect customers until the CAISO gains operational experience that will enable it to determine the full extent of the software and full network model limitations. But the CAISO's own current Post Go-Live Release Plan reflects that the final software upgrade containing fixes for identified issues is not scheduled for implementation until late November 2009<sup>3</sup>.

SCE believes that the information contained within the CAISO's Post Go-Live Release Plan is of sufficient importance that it warrants FERC reconsidering their decision regarding the amount of time required for the CAISO to implement the fixes necessary to minimize the number of exceptional dispatches and the associated duration of the temporary mitigation measures. Accordingly, instead of an arbitrary period of four months, mitigation should instead be terminated upon the CAISO notifying FERC that the necessary fixes have been implemented.

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<sup>1</sup> FERC Order P.19 – P.22.

<sup>2</sup> ISO June 27, 2008 filing, pg. 12

<sup>3</sup> <http://www.aiso.com/2369/236978f534930.pdf>

#### IV. COMMENTS

##### A. The CAISO Has Identified Errors That Have Resulted In Unnecessarily Incurred Financial Costs.

Since FERC approved TCPM Tariff has been in effect (June 1, 2008), five events have occurred during which the CAISO has denied a must offer waiver request from a non-RA (non-RMR, non-TCPM) resource. Information within the CAISO referenced documents indicates that four<sup>4</sup> of the five<sup>5</sup> events involved the CAISO denying the waiver of a non-RA unit when an RA-unit was available but not selected.

The FERC's January 22, 2009 Decision addressed the circumstances associated with the CAISO's initial mistaken MOWD event on June 8, 2008. However, a statement within FERC's Decision<sup>6</sup> indicates that FERC may not have been aware that, contrary to tariff requirements, at least one non-RA unit was denied a waiver during two other occasions when an RA unit was available but not selected<sup>7</sup>. SCE believes that these examples demonstrate the need for establishing remedial solutions now rather than on a case-by-case basis after the fact.

SCE's concerns are in no manner a reflection on the high quality of professionalism displayed everyday by CAISO personnel nor are they concerns regarding reliability of the CAISO Grid. We realize that many of the decisions that the CAISO must make are complex and difficult and, as a result, errors are inevitable. However, to ensure just, reasonable and equitable results, the Commission should institute processes to address errors made by the CAISO.

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<sup>4</sup> <http://www.caiso.com/205c/205cba7ddba0.html>. (TCPM Designation Reports dated Nov. 25, 2008, Dec. 19, 2008, Feb. 9, 2009); *see also* CAISO's Motion For Clarification, Or In The Alternative, Petition For Waiver, And Request To Shorten Comment Period, of the CAISO Corp, filed June 17, 2008 in Docket No. ER08-1124-000, at pp. 1.

<sup>5</sup> <http://www.caiso.com/205c/205cba7ddba0.html>. The TCPM Designation Reports dated June 2, 2008 is the only TCPM designation that did not involve selecting non-RA units when an available RA unit could have been selected.

<sup>6</sup> ORDER ON MOTION FOR CLARIFICATION OR PETITION FOR WAIVER (Jan. 22, 2009, ER08-1124-000, footnote 21)

<sup>7</sup> As indicated via footnote 5, this same type of mistake was made again after the FERC's Jan. 22, 2009 Decision.

## **B. Operator Error is Not Just Transitional**

SCE is somewhat concerned with the FERC's comment within their Decision that TCPM is a transitional design feature that will sunset upon implementation of MRTU, which is scheduled to go live within a few months<sup>8</sup>. While SCE agrees with this characterization of TCPM, SCE disagrees with any implication that the cause of the error and the potential for future similar errors will also sunset when MRTU goes live.

FERC's decisions on the Exceptional Dispatch Tariff Modification filing, which becomes effective upon MRTU go-live<sup>9</sup>, references aspects of the TCPM Tariff Decision<sup>10</sup> as part of the basis for suggesting that a non-RA unit be awarded a 30-day ICPM designation upon being issued its first exceptional dispatch.<sup>11</sup> This provision combines with the potential for the CAISO to again mistakenly select a non-RA resource to provide a service that could be provided by an available RA resource. In short, errors are not unique to pre-MRTU events.

## **C. Overall Remedy Rather than Additional Costly and Time-consuming Training**

SCE believes that the CAISO, as they had indicated, were proactive in responding to the first mistake and initiated appropriate actions to reinforce the Tariff requirements and ensure proper training and awareness of the tools and the importance of ensuring that no RA units are available before making a MOWD decision<sup>12</sup>. However, SCE believes that the second mistake, even with the CAISO's additional training, illustrates the challenges faced by real-time operators to quickly recall all aspects of their training programs.

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<sup>8</sup> *ibid* par. 16

<sup>9</sup> ORDER ON SECTION 206 INVESTIGATION, TECHNICAL CONFERENCE, ACCEPTING IN PART AND REJECTING IN PART TARIFF PROVISIONS, AND IMPLEMENTING TRANSITIONAL MEASURES (Issued February 20, 2009, ER08-1178-000, EL08-88-000). Par. 2.

<sup>10</sup> ORDER ACCEPTING AND SUSPENDING TARIFF FILING, INSTITUTING A SECTION 206 INVESTIGATION, AND ESTABLISHING A TECHNICAL CONFERENCE (Issued October 16, 2008, ER08-1178-000, ER08-88-000, par. 102-103)

<sup>11</sup> FERC's Feb. 20, 2009 Decision. Par. 10.

<sup>12</sup> CAISO July 23, 2008 Answer, Docket No. ER08-1124, pg 6.

**D. Implement a Review Period Prior to Awarding a 30-day Contract**

In those instances when the CAISO commits non-RA (and non-RMR, non-ICPM) units for backstop capacity procurement via aspects of the Exceptional Dispatch provisions of the MRTU Tariff, a three-day review period should be available during which the CAISO may review their decisions for conformance to Tariff requirements. Should their decisions be contrary to the directive of the Tariff, e.g. if a non-RA unit was committed when an RA unit was available that could have provided the required services, the CAISO will inform the affected parties (e.g. owners of the committed non-RA unit) that a mistake had occurred.

**E. Compensation for an Erroneously Committed Non-RA Unit**

SCE acknowledges the importance of providing just and reasonable compensation to a generator that has a waiver request denied only to subsequently be informed that the denial was a mistake. SCE suggests that providing such a generator with compensation equivalent to a five-day ICPM capacity contract would be just and reasonable.

**F. Implement a Cost Allocation Mechanism for Funds Incurred Due to CAISO Non-Compliance to Tariff Provisions**

SCE supports the FERC's recent Decision approving the CAISO's request for a one-time waiver of some of the provisions within the TCPM Tariff. As was mentioned by the CAISO within their filing<sup>13</sup>, the CAISO requested this waiver as it "... will prevent unnecessary costs from being imposed on Market Participants as a result of operator error that was inconsistent with the ISO Tariff." SCE unfortunately anticipates that other comparable non-compliance situations may occur and believes that past and likely future events necessitate that a process should be established as soon as possible that equitably allocates costs incurred when CAISO actions do not conform to Tariff directives. SCE recommends that the costs incurred from such

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<sup>13</sup> Motion for Clarification, pg 7.

events should be allocated to Scheduling Coordinators (SCs) of all load in the CAISO control area.

## V. CONCLUSION

Wherefore, SCE respectfully requests that the Commission grant rehearing and take into consideration SCE's comments for the reasons stated above. SCE believes that these recommendations do not alter the intent of the existing Exceptional Dispatch Tariff Modification Filing and warrant consideration given the potential for mistakes and associated unnecessarily incurred financial costs to continue. A tariff provision that offers a mechanism to fairly allocate costs incurred due to a human error will address ongoing concerns and save all stakeholders from having to continually address this issue in the future.

Respectfully submitted,

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Dated: March 23, 2009

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing **SOUTHERN CALIFORNIA EDISON REQUEST FOR REHEARING AND COMMENTS ON EXCEPTIONAL DISPATCH** upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Rosemead, California, this **23rd day of March, 2009**.

/s/vicki.carr-donerson  
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