UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Pacific Gas and Electric Company Docket No. ER05-844-000

ORDER REJECTING TARIFF REVISION

(Issued June 17, 2005)

1. In this order, the Commission rejects as premature Pacific Gas and Electric Company's (PG&E) proposal at issue here without prejudice to PG&E refiling a proposed tariff revision. In its filing, PG&E proposes to revise its Transmission Owner (TO) Tariff to provide a mechanism for PG&E to recover costs associated with the California Independent System Operator Corporation's (CAISO) proposed station power program pending in Docket Nos. ER05-849-000 and ER05-849-001.

Background

2. On April 18, 2005, as amended on May 3, 2005, in Docket Nos. ER05-849-000 and ER05-849-001, the CAISO filed Amendment No. 68 to its Tariff, which proposes revisions intended to conform the CAISO Tariff to the Commission's station power policies as directed by the Commission in an order issued on November 19, 2004.[1] Amendment No. 68 would permit on-site self-supply of station power requirements and remote self-supply from facilities owned by the same entity.

3. In turn, here, PG&E proposes to revise the definition of Transmission Revenue Credit in section 3.104 of it's TO Tariff to include any differences in transmission revenues that result from the CAISO's station power program. PG&E proposes to revise the definition to add that PG&E may receive "…any differences in retail transmission revenues resulting from changes in the terms of ISO service for Station Power between the effective date of Amendment No. 68 and PG&E's first rate case following the filing of Amendment No. 68." PG&E states that the revision is necessary because the CAISO's station power program will allow generating units to displace retail energy purchases

[1] *Duke Energy Moss Landing LLC v. California Independent System Operator Corp.*, 109 FERC ¶ 61,170 (2004).

from the responsible Utility Distribution Company, and lead to a reduction in the transmission revenue requirement that Participating TO's would otherwise recover through their TO Tariffs.

4. PG&E requests waiver of prior notice to allow the proposed revision to become effective on June 18, 2005, the same effective date originally requested by the CAISO for Amendment No. 68.

Notice of Filing and Pleading

5. Notice of PG&E's filing was published in the *Federal Register*, 70 Fed. Reg. 22,656 (2005), with interventions and protests due on or before May 11, 2005. The Public Utilities Commission of the State of California filed a notice of intervention. Timely motions to intervene were filed by Southern California Edison Company, the California Department of Water Resources State Water Project, the California Electricity Oversight Board, the Cities of Redding and Santa Clara, California, and the M-S-R Public Power Agency, and the Modesto Irrigation District. A timely motion to intervene and protest was filed by the Northern California Power Agency (NCPA).

6. NCPA states that it understands that, because self-supplied station power from a single generator will not pay the Transmission Access Charge (TAC) or Wheeling Access Charge (WAC), there may be some shortfall in the TAC collection for the Participating TOs, including PG&E, compared to what was anticipated at the time of the Participating TOs' last rate filings. However, NCPA states that the proposed credit is not limited to the shortfall in the TAC or WAC directly attributable to on-site self-supply (which NCPA states would be quite small), but instead encompasses any or all retail transmission revenues. NCPA argues that it is not clear what those revenues might be, or that certain revenues attributable to retail service would be needed or provided had the CAISO complied with the Commission's station power policies from the beginning. NCPA states that the Commission should require PG&E to provide a description and identification of what PG&E revenues are included in PG&E's "retail transmission revenues" that are proposed to be recovered through the credit.

Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2004), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

B. Commission Determination

8. PG&E requests an effective date of June 18, 2005 for its proposed revision, to coincide with the effective date requested by the CAISO for Amendment No. 68. On May 3, 2005, however, the CAISO modified its filing to clarify that it was not requesting an effective date of June 18, 2005, but rather requesting an effective date that would coincide with the implementation of its new settlement and billing system and thus an effective date no earlier than January 1, 2006.

9. PG&E's filing, which is intended essentially to track the CAISO's Amendment No. 68, is premature. Given the delay in the requested effective date of the CAISO's Amendment No. 68 until at least January 1, 2006, we will reject as premature PG&E's proposal at issue here without prejudice to PG&E refiling a proposed tariff revision.

The Commission orders:

PG&E's proposed revision to its TO Tariff is hereby rejected without prejudice, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.