

RTO Car Talk – November 27, 2001 Edition

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The following amusing article appears in today's [www.energyonline.com](http://www.energyonline.com) Notice that Cal ISO says it is "simply a scheduling coordinator" and thus can't owe money for power purchases. RTO West will require "scheduling coordinators". The courts may have to define just what obligations a "scheduling coordinator" has. Never a dull moment in the zaney world of dereg.

Cal ISO Bills Water Agency \$1 Billion for Power

LCG, Nov. 27, 2001 The California Independent System Operator, which purchases power on the volatile spot market to protect the state's transmission system, has sent a bill for \$1 billion to the California Department of Water Resources, which purchases power on behalf of the state's investor-owned utilities, which don't have the money to pay for it.

CDWR didn't actually purchase power from Cal ISO, but the rationale seems to be that the water agency would have had to buy the power if Cal ISO hadn't, so it should pay the ISO even if the money is really owed to the companies that produced the power.

The Federal Energy Regulatory Commission last week, in response to filings by independent power producers, ordered Cal ISO to pay its overdue power bills. The ISO had said it didn't really owe the money because it was simply a scheduling coordinator and not a creditworthy power purchaser.

FERC said simply that the power producers had to be paid for the power requisitioned and scheduled by the ISO.

Cal ISO said in a filing of its own last week that it would get the money from the CDWR and pay all its past due bills by next February 7, but the payments would have to come in installments, if FERC approves.

Cal ISO also said payment depended on CDWR responding to its invoices.

Gary Ackerman, executive director of the Western Power Trading Forum, a trade association representing the power producers, said, "We are anxiously waiting for an answer from CDWR."

He added, "We are neither optimistic nor pessimistic, just iffy."

There is a lot to be "iffy" about, or very little on which one can hang his hat. CDWR is arguing with FERC over matters of jurisdiction. The ISO says CDWR is just an agent for the cash-strapped utilities and the utilities are the ones who schedule the power anyway. Except the ISO also says it has to schedule power to protect the transmission grid.

We can't figure it out. But we do know that Cal ISO has asked CDWR to pay it for \$1 billion worth of power it didn't sell to CDWR.