

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

February 20, 2009

The Honorable Bob Filner
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Filner:

I am responding to your January 16, 2009 letter requesting a corrected definition of G-1 in the San Diego Gas and Electric (SDG&E) service territory.

It appears in your letter that there is a disagreement between the transmission operator, California Independent System Operator (CAISO), and the transmission owner, SDG&E, on the appropriate reserve requirements or reserve impact of the combined cycle cogeneration plants. In particular, each of the cogeneration plants consists of two gas-turbine generators whose exhaust gases are directed into a heat recovery steam generator which drives a steam-turbine generator. The units are designed so that the steam can be vented during a steam-turbine generator trip, which will allow the gas turbines to continue to operate. The disagreement arises because the CAISO believes there are still common mode failures that will trip the entire plant (all three turbine generators) and SDG&E claims that a portion of the plant will continue to run (two turbine generators).

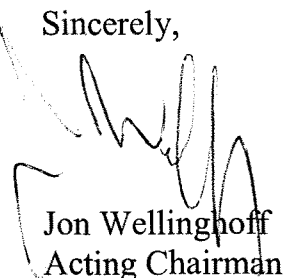
The Energy Policy Act of 2005 (EPAct 2005) established section 215 of the Federal Power Act, which authorized the Federal Energy Regulatory Commission (Commission or FERC) to certify an Electric Reliability Organization (ERO) for the purpose of proposing reliability standards for the bulk-power system in the continental United States subject to the Commission's approval. After they are approved by the Commission, the standards are mandatory for the users, owners, and operators of the bulk power system and are enforced by the ERO under the Commission's oversight. The statute also authorized the ERO to delegate enforcement authority to a Regional Entity, subject to Commission approval. In July 2006, the Commission certified the North American Electric Reliability Corporation (NERC) as the ERO. And on June 5, 2007, the Commission accepted executed agreements between NERC and eight Regional Entities, including the Western Electricity Coordinating Council (WECC), in regard to the delegation of NERC's ERO standards development and enforcement authorities to such entities.

WECC is responsible for coordinating and promoting electric system reliability. In addition to promoting a reliable electric power system in the Western Interconnection, WECC provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members as set forth in the WECC Bylaws. The WECC service territory extends from Canada to Mexico. It includes the provinces of Alberta and British Columbia, the northern portion of Baja California, Mexico, and all or portions of the 14 western states in between.

Your request for the Commission to order the CAISO to revise their treatment of the Palomar Energy and Otay Mesa combined cycle projects involve the interpretation and application of the reliability standards by considering specific technical issues that are best first addressed at the Regional Entity level, WECC in this case. The process typically involves a request by the affected entity to the region for a clarification or correction of the application or reliability standard. In this case, SDG&E may appeal the determination by CAISO that an N-1 event for either the Palomar or Otay Mesa plants might cause the loss of all three turbine generators at each site. Commission staff will initiate this process by asking NERC staff to contact SDG&E to determine if they wish to begin the review process.

I hope this information is helpful. Please do not hesitate to get back in touch with me, should you require any additional information.

Sincerely,



Jon Wellinghoff
Acting Chairman