

to providing long-term firm transmission rights.<sup>111</sup> However, now that Congress has weighed in on the issue, we remain optimistic that CAISO will develop a plan, tariff sheets and implementation timetable to allow provision of long-term transmission rights at the inception of MRTU, without delaying MRTU's target November 2007 implementation date.

124. We also deny SMUD's request that, if implementation of financial long-term firm transmission rights cannot be accomplished within a short time after the date for the compliance filing, the affected transmission organizations should develop interim plans, such as the use of physical rights service, until a financial rights service can be implemented. We expect that, apprised of the importance of this matter to Congress, transmission organizations will make compliance proposals that fully comply with the Final Rule in a timely manner. It is premature and inappropriate to consider in this generic proceeding whether interim plans, such as the provision of physical rights, are needed. Similarly, we will not address in this rehearing of a rulemaking of general applicability SMUD's assertion that the CAISO's proposed priority nomination process, or PNP, is discriminatory. As we explained in the Final Rule, we will address the specifics of individual transmission organizations' implementation of the Final Rule in our orders on compliance proposals.<sup>112</sup> The compliance proposal process provides transmission organizations with the opportunity to offer for comment the proposals they have created after vetting issues through their stakeholder process, and the comment process ensures the opportunity for thorough and fair discussion of the proposals.

125. Finally, with respect to Santa Clara's requested clarification/rehearing concerning CAISO's obligation to comply with the Final Rule, section 1233(b) of EPAct 2005 requires the Commission to implement the FPA's new statutory provision, section 217, concerning long-term firm transmission rights in transmission organizations with organized electricity markets. Significantly, as we pointed out in the NOPR, neither EPAct 2005 nor section 217 of the FPA defines "organized electricity market."<sup>113</sup> In the NOPR, we proposed to define "organized electricity market" as "an auction-based

market where a single entity receives offers to sell and bids to buy electric energy and/or ancillary services from multiple sellers and buyers and determines which sales and purchases are completed and at what prices, based on formal rules contained in Commission-approved tariffs, and where the prices are used by a transmission organization for establishing transmission usage charges."<sup>114</sup> In the Final Rule, however, we modified the first clause of the definition to state that organized electricity market "means an auction based *day ahead and real time wholesale market*. \* \* \*" <sup>115</sup> We explained that the purpose of this modification was:

to clarify the application of the Final Rule and ensure that the definition captures the transmission organizations with organized electricity markets using LMP and FTRs to which Congress directed the Commission to apply this Final Rule in section 1233(b) of EPAct 2005.<sup>116</sup>

126. CAISO does not currently operate a day-ahead *wholesale energy* market, although it will upon the inception of MRTU, scheduled to take place in November 2007. While CAISO currently has FTRs, their characteristics will change dramatically upon implementation of MRTU—*e.g.*, they will be point-to-point and available to load serving entities without participation in an auction, two features of long-term firm transmission rights required by our guidelines. Given that the nature of FTRs in CAISO is in transition, implementing long-term FTRs under the current market design would be problematic. Nevertheless, we clarify that CAISO must submit a compliance filing on January 29, 2007. This will enable the Commission (and its staff) to monitor CAISO's progress and ensure availability of long-term firm transmission rights when MRTU goes into effect.

By the Commission.

**Magalie R. Salas,**

*Secretary.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

#### 19 CFR Part 351

#### Antidumping and Countervailing Duties

##### *CFR Correction*

In Title 19 of the Code of Federal Regulations, part 200 to end, revised as of April 1, 2006, on page 225, § 351.218 is corrected by removing and reserving paragraph (d)(2)(iii).

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## DEPARTMENT OF THE TREASURY

### Alcohol and Tobacco Tax and Trade Bureau

#### 27 CFR Part 9

[T.D. TTB-56; Re: Notice No. 18]

**RIN 1513-AA57**

#### Establishment of the Chehalem Mountains Viticultural Area (2002R-214P)

**AGENCY:** Alcohol and Tobacco Tax and Trade Bureau, Treasury.

**ACTION:** Final rule; Treasury decision.

**SUMMARY:** This Treasury decision establishes the 68,265-acre Chehalem Mountains viticultural area in Clackamas, Yamhill, and Washington Counties, Oregon. This new viticultural area is entirely within the existing Willamette Valley viticultural area. We designate viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase.

**DATES:** *Effective Date:* December 27, 2006.

**FOR FURTHER INFORMATION CONTACT:** N.A. Sutton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 925 Lakeville St., No. 158, Petaluma, CA 94952; telephone 415-271-1254.

#### **SUPPLEMENTARY INFORMATION:**

##### **Background on Viticultural Areas**

##### *TTB Authority*

Section 105(e) of the Federal Alcohol Administration Act (the FAA Act, 27 U.S.C. 201 *et seq.*) requires that alcohol beverage labels provide consumers with adequate information regarding product identity and prohibits the use of misleading information on those labels.

<sup>111</sup> See *id.* at P 891 (recounting CAISO's history of procrastination concerning long-term rights development).

<sup>112</sup> *Id.* at P 495.

<sup>113</sup> See NOPR at P 8.

<sup>114</sup> See *id.*

<sup>115</sup> See Final Rule at P 30 (emphasis added).

<sup>116</sup> *Id.*