

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

<b>California Independent System Operator Corporation</b>	) ) ) )	<b>Docket Nos. EC96-19-001 ER96-1663-001</b>
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**MOTION FOR EXTENSION OF TIME  
TO FILE REPORTS ON  
THE RESULTS OF CERTAIN STUDIES**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the "Commission"), 18 C.F.R. § 385.212 (1998), the California Independent System Operator Corporation ("ISO") respectfully submits this Motion for Extension of Time to file reports on the results of certain studies which the Commission directed the ISO to undertake in its October 30, 1997 Order in the above captioned dockets. Pacific Gas and Electric Co., et al., 81 FERC ¶ 61,122 (1997) ("October 30 Order"). In support of this motion, the ISO states as follows:

1. The Commission's October 30 Order addressed a filing submitted by the then-Trustee for the ISO and the California Power Exchange Corporation ("PX") on August 15, 1997 to implement Phase II of the California electric market restructuring. In the October 30 Order, the Commission conditionally authorized the ISO to commence operations, with a projected operations date of January 1, 1998. The Commission noted that the ISO Trustee's Phase II filing raised a number of issues which would be better addressed after operational data became available. The Commission therefore directed the ISO to conduct

studies on three of these issues and to file reports on the results of these studies with the Commission by January 1, 1999, after one year of ISO operations.<sup>1</sup>

These issues and studies are described in further detail below.

2. Section 7.2.7 of the ISO Tariff allows for the creation of new Zones if, over the course of a 12-month period, the cost to alleviate Congestion on a path "is equivalent to at least 5 percent of the product of the rated capacity of the path and the weighted average Access Charge of the Participating TOs." In the October 30 Order, the Commission approved this 5 percent criterion for the consideration of new Zones, but directed the ISO to conduct a study to evaluate the effectiveness of the 5 percent criterion and report to the Commission on the results of this study by January 1, 1999. 81 FERC at 61,484.

3. Similarly, the Commission accepted the ISO's proposed method for evaluating Ancillary Services bids based on the capacity component of the two-part bid, but directed the ISO to "file a report by January 1, 1999 that explores the issue of bid evaluation further." 81 FERC at 61,494.

4. Lastly, the Commission noted that the ISO Phase II filings proposed "a novel method for assigning Transmission Losses." The Commission approved this methodology until the ISO could conduct a study and file a report, to be submitted by January 1, 1999, evaluating the ISO's proposal for calculating and assigning Transmission Losses. 81 FERC at 61,522.

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<sup>1</sup> The ISO notes that the instant Motion concerns only those reports which the Commission directed the ISO to file by January 1, 1999. As noted by the Commission in the October 30 Order, the ISO Trustee had also proposed the implementation of a performance-based compensation system for ISO management and staff by January 1, 1999. 81 FERC at 61,458. The Commission did not direct the ISO to submit any further studies or reports on this system. The ISO is currently developing its performance-based compensation system and will provide the Commission with details on that system for informational purposes when it is fully implemented. The October 30 Order also includes a discussion of items in the ISO's Staging Plan which had an initial projected implementation date of January 1, 1999. 81 FERC at 61,443. Consistent with the Commission's directive to submit quarterly status reports on the Staging Plan, the ISO has provided, and will continue to provide, the Commission and interested parties with regular updates on the status of those Staging Plan items. See Revised Staging Plan No. 5, submitted by the ISO on October 19, 1998. An updated status report will be filed later this month.

5. After the Commission issued the October 30 Order, a variety of factors prevented the ISO from commencing operations until March 31, 1998. See 82 FERC ¶ 61,327 (1998). Since the ISO Operations Date, the ISO has been actively engaged in addressing a multitude of issues arising from the restructuring of the California electricity market. In recent months, the ISO has devoted a substantial amount of time and resources to its efforts to redesign the ISO's Ancillary Services markets, which are being undertaken pursuant to the Commission's order in AES Redondo Beach, L.L.C., 85 FERC ¶ 61,123 (1998). The ISO has also invested significant effort in the ongoing negotiations with various stakeholders and market participants to address hundreds of unresolved issues, as ordered by the Commission in California Independent System Operator Corp., 84 FERC ¶ 61,217 (1998).

6. The ISO notes that its methodology for evaluating Ancillary Services bids is already under consideration as part of the Ancillary Services redesign effort. The ISO has been directed to submit a report on its proposed redesign of the ISO's Ancillary Services markets by March 1, 1999. 85 FERC ¶ 61,123 (1998). This proposed redesign would include a consideration of the ISO's bid evaluation methodology. The ISO therefore requests that it be permitted to satisfy the Commission's directive in the October 30 Order to submit a report on Ancillary Services bid evaluation as part of the March 1, 1999 report on Ancillary Services redesign.

7. With respect to the reports on the 5 percent Zone creation criterion and the methodology for assignment of Transmission Losses, the ISO states that it has not, to date, completed studies on those issues. The ISO has been compiling data with respect to both issues, but this information is available only from the ISO Operations Date of March 31, 1998, a period which is shorter than that envisioned when the Commission directed the ISO to file these reports by

January 1, 1999. In addition, as noted above, the press of numerous other matters and issues before the Commission has required the bulk of the ISO's resources. In light of these factors, the ISO respectfully requests that the time permitted for filing reports on the 5 percent Zone creation criterion and on the methodology for assignment of Transmission Losses be extended until at least March 31, 1999, which is one year after the actual ISO Operations Date.

WHEREFORE, the ISO respectfully requests that the Commission extend the time to permitted to file the reports until March 1, 1999 and at least March 31, 1999, consistent with the discussion above.

Respectfully submitted,

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Dated: January 4, 1999

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above-captioned docket.

Dated at Washington, DC, this 4<sup>th</sup> day of January, 1999.

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Counsel for the California Independent  
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