

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

California Power Exchange Corporation)))	Docket No. ER99-1229-000
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**MOTION TO INTERVENE OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214, and the Commission's January 13, 1999 Notice of Filing, the California Independent System Operator Corporation ("ISO") hereby moves to intervene in the above-captioned proceeding.

I. COMMUNICATIONS

Please address communications concerning this filing to the following persons:

N. Beth Emery Vice President and General Counsel Roger E. Smith, Regulatory Counsel The California Independent System Operator Corporation 151 Blue Ravine Road Folsom, CA 95630 Tel: (916) 351-2334 Fax: (916) 351-2350	Edward Berlin Kenneth G. Jaffe Sean A. Atkins Swidler Berlin Shereff Friedman, LLP 3000 K Street, N.W., #300 Washington, D.C. 20007 Tel: (202) 424-7500 Fax: (202) 424-7643
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II. BACKGROUND

On January 8, 1999, the California Power Exchange Corporation ("PX") filed in the above-captioned docket Amendment No. 8 to its Operating Agreement and Tariff ("PX Tariff") and the accompanying PX Settlement and Billing Protocol ("PSABP"). The PX is a nonprofit corporation authorized by FERC order and California electric restructuring

legislation to provide a Day-Ahead forward market for Energy in California. The PX is independent from the ISO and is certified as a Scheduling Coordinator under the ISO Tariff.¹

In its January 8, 1999 Transmittal Letter, the PX states that the sole purpose of PX Tariff Amendment No. 8 was to make changes necessary to reflect and implement a recently proposed amendment to the ISO Tariff. On December 11, 1998, the ISO submitted Amendment No. 13 to the ISO Tariff in Docket No. ER99-896. Included in ISO Amendment No. 13 is a proposal addressing the allocation of costs and revenues among transmission customers and transmission owners when the capacity of a portion the ISO Controlled Grid is derated after the Day-Ahead Market closes. For reasons explained more fully in the ISO's filings in Docket No. ER99-896, disparities between Hour-Ahead Usage Charges and Day-Ahead Usage Charges have resulted in debits of millions of dollars to Transmission Owners ("TOs") under the ISO's current method of allocating costs related to such derations. ISO Amendment No. 13 includes a proposed mechanism to address this situation (the "TO Debit solution"). Under the TO Debit solution, Participating TOs will be debited for the Day-Ahead Usage Charge revenues they received with respect to the derated capacity. Scheduling Coordinators whose schedules are reduced due to the derating will be compensated on the basis of the Hour-Ahead Usage Charge. To accomplish this result, the ISO effectively "buys back" the amount of the derated transmission capacity from the market at the Hour-Ahead Usage Charge rate, and is reimbursed (i) by the Participating TOs for the Day-Ahead Usage Charge revenues they received with respect to the derated capacity, and (ii) by Scheduling Coordinators for their use of the interface above its derated limit at the

¹ Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the ISO Tariff.

Hour-Ahead Usage Charge. The ISO recovers the remaining costs, if any, from Scheduling Coordinators in proportion to their schedules across the derated interface.

In the PX's Amendment No. 8 filing in the above-captioned docket, the PX submits a proposal to address the recovery of certain additional charges which may be assessed against the PX under the TO Debit solution. The PX proposes to recover such additional charges from PX Participants based on those Participants' Day-Ahead schedules. To implement this proposal, the PX submits various amendments to the PX Tariff, the PSABP, and the PSABP Appendices. The PX requests an effective date of February 9, 1999 for its Amendment No. 8.²

III. BASIS FOR MOTION TO INTERVENE

The ISO is a non-profit public benefit corporation organized under the laws of the State of California and responsible for the reliable operation of a grid comprising the transmission systems of San Diego Gas & Electric Company, Southern California Edison Company, and Pacific Gas and Electric Company. As part of this responsibility, the ISO implements schedules submitted by Scheduling Coordinators certified by the ISO, including the PX, and assesses certain charges against those Scheduling Coordinators. The changes proposed by PX's filing in the above-captioned docket relate to charges to be assessed against the PX by the ISO. The PX's proposed changes are explicitly designed to implement an amendment to the ISO Tariff pending in another docket. The ISO therefore has an interest

² The ISO notes that the requested February 9, 1999 effective date for PX Tariff Amendment No. 8 is intended to track the initially requested effective date for the TO Debit portion of ISO Tariff Amendment No. 13. On January 22, 1999, the ISO submitted an Answer to Motions to Intervene, Request for Hearing, Comments and Protests and Motion for Deferred Effective Date in Docket No. ER99-896. In that filing, the ISO informed the Commission that software changes necessary to implement the TO Debit solution had been delayed and requested that the effective date of the TO Debit portion of Amendment No. 13 be deferred until the later of February 10, 1999 or seven days after the ISO posts a notice on the ISO Home Page.

in this proceeding which cannot be adequately represented by any other party. Accordingly, the ISO requests that it be permitted to intervene herein with full rights of a party.

At this time, the ISO is not raising any substantive issues with respect to the PX's Amendment No. 8. The ISO notes that issues related to the TO Debit solution proposed in ISO Amendment No. 13 may arise in this proceeding. The ISO therefore reserves the right to modify its pleadings to address any substantive issue arising in this proceeding in the future.

IV. CONCLUSION

Based on the foregoing, the ISO respectfully requests that the Commission permit it to intervene and that it be accorded full party status in this proceeding.

Respectfully submitted,

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Attorneys for the California Independent System Operator Corporation

Date: January 28, 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 this Docket No. ER99-1229-000, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (1998).

Dated at Washington, D.C. on this 28th day of January, 1999.

Sean A. Atkins

January 28, 1999

David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: California Power Exchange Corporation
Docket No. ER99-1229-000

Dear Secretary Boergers:

Enclosed for filing is one original and 14 copies of the Motion to Intervene of the California Independent System Operator Corporation in the above-referenced docket. An additional copy of the filing is also enclosed. Please stamp the additional copy with the date and time filed and return it to the messenger.

Thank you for your assistance in this matter.

Respectfully submitted,

Sean A. Atkins

Attorney for the California
Independent System Operator Corporation