

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

**California Independent System) Docket Nos. ER11-4580-000
Operator Corporation)**

**MOTION OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION
FOR EXTENSION OF TIME TO COMMENT**

The California Independent System Operator Corporation (ISO) submits this motion for an extension of time¹ to submit comments to the Federal Energy Regulatory Commission (Commission) following the technical conference held on February 3, 2012, in the above captioned proceeding. The ISO respectfully requests a modest extension of time of seven days for the parties to submit initial comments from March 9, 2012 to March 16, 2012, and an extension to submit reply comments from March 23, 2012 to March 30, 2012. The ISO requests this extension of time to enable the ISO and other parties to consider further the ISO's proposal for an interim solution to reintroduce convergence bidding at the interties in the ISO markets. At a recent stakeholder meeting, the ISO informed stakeholders of its intent to seek this one-week extension and did not receive any opposition to this request. The Commission should grant this extension as it facilitates the resolution of the issues in this proceeding.

I. Background

On February 1, 2011, the ISO implemented convergence bidding in the ISO market. Convergence bidding allows for the submission of bids to buy or sell electric energy in the day-ahead market, without any obligation to consume or provide

¹ The ISO submits this motion pursuant to Rules 212 and 2008(a) of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.2008(a) (2010).

electricity.² On September 21, 2011, the ISO submitted, pursuant to section 205 of the Federal Power Act and section 35 of the Commission's regulations, proposed revisions to its tariff to eliminate convergence bidding at intertie scheduling points.³ The Commission found that the ISO had not demonstrated that its proposal is just and reasonable and that issues related to convergence bidding at intertie locations would benefit from further examination by Commission staff and the parties to this proceeding.⁴ The Commission accepted the proposed tariff revisions and suspended them for a nominal period to become effective on November 28, 2011. The Commission also directed Commission staff to convene a technical conference to explore at greater length, among other things, potential issues and benefits attributed to convergence bidding at interties, and the associated costs and potential solutions for any such issues. The Commission's acceptance of the proposed tariff revisions is subject to the outcome of the technical conference as further ordered by the Commission.⁵

On February 2, 2012, Commission staff held a technical conference to discuss issues related to the ISO's proposal to eliminate convergence bidding at intertie scheduling points. On February 8, 2012, the Commission issued a notice establishing the comment periods for parties wishing to submit comments following the technical conference. In that notice, the Commission invited all parties to submit initial comments on or before Friday, March 9, 2012, and stated that any reply comments are due on or before Friday, March 23, 2012.

² *Cal. Indep. Sys. Operator Corp.*, 133 FERC ¶ 61,039 (2010), *order on reh'g*, 134 FERC ¶ 61,070, *order on reh'g*, 136 FERC ¶ 61,156 (2011).

³ *Cal. Indep. Sys. Operator Corp.*, 137 FERC ¶ 61,157 (2011) (*Suspension Order*).

⁴ *Id.*

⁵ *Id.*

II. Motion

The ISO respectfully requests a modest extension of time of seven days for the parties to submit initial comments from March 9, 2012 to March 16, 2012, and an extension of time to submit reply comments from March 23, 2012 to March 30, 2012. The Commission should grant this motion as it will provide the parties additional time to consider the ISO's proposal of an interim solution for reintroducing convergence bidding in the ISO market.

Since the ISO made its initial filing last September requesting authority to cease convergence bidding at the interties, the ISO has been working with stakeholders to further explore alternatives that may allow intertie convergence bidding to be reintroduced.⁶ Shortly after the technical conference, on February 13, 2012, the ISO posted an interim straw proposal that outlined a proposed set of revisions to the ISO's settlement rules for virtual bidding that potentially may allow intertie convergence bidding to be reinstated in the near term.⁷ A stakeholder meeting was held on February 17, 2012, to discuss the issues. Stakeholders were also given an opportunity to present their views; comments to the ISO straw proposal are due on February 27, 2012.⁸

During the technical conference held on February 2, 2012 at the FERC, Commission staff requested that the ISO include in its post-technical conference comments the ISO's proposal for an interim solution that in its view would allow the reintroduction of convergence bidding at the interties. The ISO plans to include this

⁶ On November 15, 2011, the ISO issued its first issue paper to address the issues at the interties. http://www.caiso.com/Documents/Issue_paper_IntertiePricingandSettlement.pdf

⁷ http://www.caiso.com/Documents/IntertiePricing_straw_proposal_Feb17_2012.pdf

⁸ All of the presentations and materials are available at the ISO website at: http://www.caiso.com/informed/Pages/StakeholderProcesses/IntertiePricing_Settlement.aspx.

information in its initial comments but believes that the market as a whole would benefit from an interim solution that has been fully vetted through the stakeholder process. Therefore, ISO staff is continuing its stakeholder process to resolve this issue and is actively engaged with stakeholders to develop and complete its interim proposal by April so that it can seek approval from its board of governors on May 16-17, 2012. This will enable a tariff filing at the Commission shortly thereafter.

Based on the Commission's Notice Establishing Comment Period issued on February 8, 2012, the initial comments are due on March 9, 2012 and reply comments are due on March 23, 2012. As indicated in the timeline on page 4 of the ISO straw proposal, the ISO plans to issue a revised straw proposal on March 13, 2012. That revised straw proposal will have considered a round of comments submitted to the ISO on February 27, 2012. The ISO requests an extension of time for submission of the initial comments for all parties to this proceeding from March 9 to March 16, 2012. This will enable the ISO to post its revised straw proposal and also provide stakeholders an additional week to consider that proposal and include any comments to that proposal in their initial comments to the Commission. The ISO also requests an extension of time for submission of reply comments from March 23, 2012 to March 30, 2012, to allow parties some time to consider and reply to any comments filed on March 16, 2012.

Good cause exists to grant this extension as it will enable the ISO to inform the Commission of a more complete proposal. While the proposal will not be finalized and approved by the ISO board of governors by March 16, 2012, it will have benefited from a round of comments that may further inform and modify the final proposal.

III. Conclusion

For the foregoing reasons, the ISO respectfully requests that the Commission grant this motion for an extension of time to file comments and reply comments in this proceeding.

Respectfully submitted,

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Dated: February 24, 2012

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385. 2010).

Dated at Folsom, California this 24th day of February, 2012.

/s/ Anna Pascuzzo

Anna Pascuzzo