

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System
Operator Corp.

Docket Nos. ER02-1656-000
ER03-1046-000
RT01-85-000

Remedying Undue Discrimination
through Open Access Transmission Service
and Standard Electricity Market Design

Docket No. RM01-12-000

NOTICE OF TECHNICAL CONFERENCE

(October 29, 2003)

As announced in the Notice of Technical Conference issued on August 15, 2003, a technical conference will be held on November 6, 2003, to discuss with states and market participants in California the timetables for addressing wholesale power market design issues and to explore ways to provide flexibility the region may need to meet the requirements of the final rule in this proceeding. Members of the Commission will attend and participate in the discussion.

The conference will focus on the issues identified in the agenda, which is appended to this notice as Attachment A. However, participants/stakeholders may present their views on other important issues that relate to the development of the Wholesale Power Market Platform.

The conference will begin at 10:00 a.m. Pacific Time and will adjourn at about 5:00 p.m. Pacific Time in the auditorium of the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California. The conference is open for the public to attend, and registration is not required; however, in-person attendees are asked to register for the conference on-line by close of business on Tuesday, November 4, 2003, at http://www.ferc.gov/whats-new/registration/smd_1106-form.asp.

Transcripts of the conference will be immediately available from Ace Reporting Company (202-347-3700 or 1-800-336-6646) for a fee. They will be available for the public on the Commission's "eLibrary" seven calendar days after FERC receives the transcript. Additionally, Capitol Connection offers the opportunity to remotely listen to the conference via the Internet or a Phone Bridge Connection for a fee. Interested persons should make arrangements as soon as possible by visiting the Capitol Connection website at <http://www.capitolconnection.gmu.edu> and clicking on "FERC." If you have any questions contact David Reininger or Julia Morelli at the Capitol Connection (703-993-3100).

For more information about the conference, please contact: Sarah McKinley at (202) 502-8004 or sarah.mckinley@ferc.gov.

Magalie R. Salas
Secretary

Appendix A

Agenda

10:00 – 10:20am Opening Remarks

- Pat Wood, III, Chairman, Federal Energy Regulatory Commission
- Michael Peevey, President, California Public Utilities Commission
- William Keese, Chairman, California Energy Commission

10:20 – 10:40am Discussion of the State of the California ISO's Market Redesign

- California ISO Presentation: Overview of Current Operations of the CAISO, including MD02 Phase 1A – Spence Gerber
- FERC Staff Presentation: Overview of MD02 Phases 1B, 2 and 3 Elements, including recent FERC actions – JB Shipley

10:40 – 12:00pm Implementation Issues Related to Locational Marginal Pricing and Grid Congestion Management with Congestion Revenue Rights

Discussion Topics:

Does the CAISO MD02 Proposal:

*Provide native load with sufficient CRRs to hedge existing load and a process to hedge anticipated load growth?

*Provide market participants who wish to hold CRRs an adequate opportunity to obtain them?

*Properly maintain existing rights and obligations for transmission service in the transition to the full network model?

*Properly maintain existing rights and obligations to provide energy and capacity in the transition to the full network model?

*Adequately protect customers from congestion charges consistent with existing implicit and explicit transmission rights?

*Affect scheduling or other rights under existing contracts?

Panelists:

Ann Cohn, Southern California Edison Company
Lorenzo Kristof, California Independent System Operator
Phil Auclair, Mirant
Jim Caldwell, American Wind Energy Association
Joe Desmond, Silicon Valley Manufacturers

12:00 – 12:10pm Break

12:10 – 1:30pm Transitional Issues: Existing Transmission Contracts (ETCs) and Bilateral Contracts

Discussion Topics:

Does the CAISO MD02 Proposal:

*Adequately alleviate “phantom congestion” and its financial impact?

*Properly incorporates rights under bilateral contracts and ETCs into the overall market?

*Clearly address any impact of LMP on contracts that have only a broadly defined delivery point, i.e., seller’s choice contracts?

Panelists:

Steve Metague, Pacific Gas & Electric Company
Brian Theaker, California Independent System Operator
Tony Braun, California Municipal Utilities Association
Steve Schleimer, Calpine Corp.
Pete Garris, California Department of Water Resources
Tom Hoatson, Goldman Sachs

1:30 – 2:30pm Lunch

2:30 – 2:45pm Opening Remarks

- California Public Utilities Commission Presentation: Overview of Current Procurement Proceeding and Energy Action Plan and Infrastructure Development in California – Paul Clanon

2:45 – 3:45pm Market Mitigation, Resource Adequacy under the White Paper and its Relationship to Market Design Elements

Discussion Topics:

How is California addressing Resource Adequacy and does it:

- *Create a structure that supports long-term pricing and investment?
- *Result in the appropriate signals for load and generation to forward contract?
- *Provide for the appropriate relationship between resource adequacy and the ISO market design elements, such as market power mitigation?
- *Provide for an appropriate mechanism for financing new power plants and retaining existing merchant generation in operation?

Panelists:

Curtis Kebler, Reliant Resources, Inc.
Jim Hendry, California Public Utilities Commission
Keith Casey, California Independent System Operator
Jan Smutney-Jones, Independent Energy Producers Association
Severin Borenstein, University of California Energy Institute

3:45 – 4:30pm Regional Decision-making: The Western Grid and State/Regional Committees

Discussion Topics:

- *Are there any additional processes that need to be overlaid to achieve broader regional views/goals, especially where one state comprises an RSC?
- *Is it necessary to formalize a structure to address such western issues as transmission planning, access to market data for regulatory authorities, and market monitoring? If so, what are some possible vehicles for creating such a structure?
- *How would recognition of an RSC be gained from FERC?
- *How will a single-state RSC ensure regional infrastructure planning, e.g., bridge the various regional processes such as STEP and Northwest Planning?

Panelists:

Steve Greenleaf, California Independent System Operator

Gary Ackerman, Western Power Trading Forum

Don Garber, San Diego Gas & Electric Company

Barbara Hale, California Public Utilities Commission

Yakout Mansour, British Columbia Transmission Co.

Sunne Wright McPeak, California Power Authority

4:30 – 5:00pm

Discussion of Next Steps