

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;
William L. Massey, Linda Breathitt,
and Curt Hébert, Jr.

San Diego Gas & Electric Company,
Complainant,

v.

Docket No. EL00-95-000

Sellers of Energy and Ancillary Services
Into Markets Operated by the California
Independent System Operator and the
California Power Exchange,
Respondents.

Investigation of Practices of the California
Independent System Operator and the
California Power Exchange

Docket No. EL00-98-000

ORDER CLARIFYING ORDER DIRECTING REMEDIES FOR CALIFORNIA
WHOLESALE ELECTRIC MARKETS

(Issued January 8, 2001)

On December 15, 2000, the Commission issued an order directing changes in market rules for the spot markets operated by the California Independent System Operator Corporation (ISO) and the California Power Exchange Corporation (PX).¹ One of the changes ordered therein was the termination of the PX's wholesale rate schedules effective as of the close of the April 30, 2001 trading day. The Commission determined that this action was necessary because just and reasonable rates could not be assured in the presence of the state-mandated requirement that the California investor-owned utilities (IOUs) sell all of their generation into and buy all of their generation from the PX. The December 15 Order stated, however, that these tariffs may be reinstated at a later time depending on "the willingness [of the California Commission] to

¹San Diego Gas & Electric Company, *et al.*, 93 FERC ¶ 61,294 (2000), *reh'g pending* (December 15 Order). The spot markets include the PX's Day-Ahead and Day-of markets and the ISO's Ancillary Services and real-time energy markets. *See slip op.* at 24.

remove its mandatory requirement and to develop prudence benchmarks for bilateral purchases, or other changed circumstances." ²

In addition to the Day-Ahead and Day-of spot energy markets that the PX operates, CalPX Trading Services (CTS), a division of the PX, provides forward energy services under its Block-Forward Market Rate Schedule FERC No. 1. A number of the CTS rate schedule provisions are dependent on the PX spot markets (e.g., Delivery, Bid and Settlement requirements). The Commission hereby clarifies that our determination to terminate the PX's existing wholesale rate schedules was not intended to preclude the PX from engaging in bilateral forward contracting. The PX is free to revise its CTS tariffs to remove the spot market components of its existing rate schedules, and to file them pursuant to Federal Power Act (FPA) section 205 and, if appropriate, to seek waiver of the FPA section 205 60-day notice period.

The Commission orders:

The December 15 Order is hereby clarified, as discussed in the body of this order.

By the Commission.

(S E A L)

David P. Boergers,
Secretary.

²Id., slip op. at 4.