

February 7, 2005

**Via Electronic Filing**

The Honorable Magalie R. Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: California Independent System Operator Corporation  
Docket No. ER03-683-\_\_\_\_**

Dear Secretary Salas:

Enclosed please find the Motion for Extension of Time of the California Independent System Operator Corporation, submitted in the captioned docket.

Feel free to contact the undersigned with any questions. Thank you for your attention to this matter.

Respectfully submitted,

/s/ Bradley R. Miliauskas  
Bradley R. Miliauskas

Counsel for the California  
Independent System Operator  
Corporation

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

**California Independent System            )       Docket No. ER03-683-\_\_\_\_**  
**Operator Corporation                    )**

**MOTION FOR EXTENSION OF TIME**

On January 6, 2005, the Federal Energy Regulatory Commission (“Commission”) issued its “Order on Rehearing and Clarification Requests, and Compliance Filing” in the captioned proceeding, 110 FERC ¶ 61,007 (“January 6, 2005 Order”). Pursuant to Rules 212 and 2008 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.2008, the California Independent System Operator Corporation (“ISO”) moves for an extension of the deadline for submitting the two filings required by the January 6, 2005 Order:

- (1) the compliance filing described in ordering paragraph (F) of the January 6, 2005 Order, in which the Commission directed the ISO to modify its tariff to (i) provide generators the opportunity to recover Start-Up Costs with an effective date of May 30, 2003, and (ii) incorporate the use of a Commission-approved daily gas index into the calculation of decremental reference levels (“Compliance Filing”);<sup>1</sup> and
- (2) the assessment of refund amounts owed to and owing by each Market Participant and a proposal for processing the refunds, as

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<sup>1</sup> See also January 6, 2005 Order at PP 20, 41 (containing the same directives).

described in paragraph 32 and ordering paragraph (H) of the January 6, 2005 Order (“Refund Filing”).

Currently, both filings are due within 30 days of the issuance of the January 6, 2005 Order, *i.e.*, by February 7, 2005. The ISO respectfully requests that the Commission (1) grant the ISO an extension of time – until February 14, 2005 – to submit the Compliance Filing required by the January 6, 2005 Order, and (2) not require the ISO to submit the Refund Filing until after the Commission rules on the Request for Rehearing and Motion for Clarification, and Request for Stay (“Rehearing Filing”) that the ISO will submit concurrently with the present filing, in response to the January 6, 2005 Order.

**I. Request for Extension of Time to Submit the Compliance Filing**

The Compliance Filing is currently due by February 7, 2005. The ISO requests that the Commission grant the ISO until February 14, 2005 to make the Compliance Filing. The ISO needs additional time to determine how to implement the daily gas mechanism required by the January 6, 2005 Order and how much time implementation will require. Utilization of a daily gas index will require a software change. At this time, the ISO cannot state with exactness how long it will take to actually implement the software change. The ISO should have a better idea of the implementation details by the time it makes a Compliance Filing on February 14, 2005.

The January 6, 2005 Order also directed the ISO to provide generators the opportunity to recover Start-Up Costs effective May 30, 2003. As explained

in the Rehearing Filing, the ISO believes it has already complied with this directive. Therefore, no further compliance changes are needed.

## **II. Request for Extension of Time to Submit the Refund Filing**

Like the Compliance Filing, the Refund Filing is currently due by February 7, 2005. The ISO requests that the Commission not require the ISO to submit the Refund Filing until after the Commission rules on the Rehearing Filing. The ISO submits that good cause exists for granting this request. In the Rehearing Filing, the ISO raises significant legal issues regarding the Commission's various determinations that refunds are appropriate. Indeed, the ISO shows that there is no legal basis for the Commission to order any refunds. If the Commission were to agree with the conclusions reached in the Rehearing Filing, there would be no need for the ISO to make refunds.

Moreover, as explained in the Rehearing Filing, even if the Commission were to find that refunds are required, the Commission would need to resolve some significant issues before the ISO could even begin to determine what those refund amounts might be. In that regard, the ISO seeks clarifications in the Rehearing Filing – on several points – as to how the Commission intended refunds to be calculated. The January 6, 2005 Order is unclear in that respect, and the method for determining any refunds is not discernable without Commission guidance.

For these reasons, the ISO submits that it does not make sense for ISO Settlements personnel to begin the enormous effort that will be required to determine refund amounts given that refunds could be subsequently overturned,

and given that any determinations of refund amounts would need to be redone based on the outcome of subsequent Commission clarifications. This is especially true given that the Settlements personnel that would be required are completely occupied with other critically important work at this time. The Settlements personnel are engaged "around-the-clock" in work on the rerun of the ISO Settlements system that is required by the Commission in the California refund proceeding and work on other reruns of the ISO Settlements system. The ISO also is currently implementing a new Settlements and Market Clearing System for parallel operations in Fall 2005 and implementing 2004 Grid Management Charge settlement changes. If Settlements staff were required to immediately start work on determining refund amounts in the present proceeding, that could only be done by drawing them off from those other important matters. Further, the ISO currently has over 70 recalculation items that will need to be prioritized and planned for implementation prior to or after the completion of the parallel operations of the new Settlements and Market Clearing System. The priority given to any refund rerun stemming from the January 6, 2005 Order would need to be weighed against the priority given to the other 70 or so recalculation matters in queue.

### III. Conclusion

For the reasons discussed above, the ISO respectfully asks that the Commission grant the requested extensions of time for the submittal of the Compliance Filing and the Refund Filing.

Respectfully submitted,

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Dated: February 7, 2005

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list for the captioned proceeding, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California, on this 7<sup>th</sup> day of February, 2005.

/s/ Anthony Ivancovich  
Anthony Ivancovich