

***Price Volatility Limit Mechanism Motion
Passed 20-1-1***

MOVED, that the Board rescinds the earlier directive to implement a Price Volatility Limit Mechanism at this time and

(1) raises the current price caps in the ancillary services and real-time energy markets to \$750 September 30, 1999; provided that the Board shall reduce the cap to \$500 effective June 1, 2000 if it determines that

(a) the markets are not workably competitive,

(b) there are not practicable demand side management options in place, or

(c) the IOU Utility Distribution Companies have sought and not obtained practicable options to self-provide Ancillary Services and applicable hedging products in the Power Exchange consistent with California Public Utilities Commission Preferred Policy Decisions;

(2) directs Management to report to the Board no later than March 2000 on its review of whether any of conditions (1)(a), (b), or (c) have been met;

(3) adopts a "safety net" provision whereby Management would be authorized to lower price caps without Board action upon Management's assessment that the affected market is not workably competitive, with follow-up notification and analysis to be presented to the Board;

(4) directs Management, after completion of the summer of 2000, to analyze the results and recommend to the Board an implementation plan to eliminate price caps; and

(5) directs Management to file the necessary Tariff language with FERC to implement the policy adopted in this motion.