

_____: Then the real time market would have gone up for everyone in the market.

_____: That's exactly the point I was—

_____: I'm sorry. the day ahead price would have gone up for everyone in the market.

_____: That's right. I agree with that as well.

MR. FLORIO: I guess I just have a fundamental problem with this whole discussion, because I don't think what Dave is talking about should be defined as underscheduling. Edison bid in all of their load, and they were willing to pay up to the price cap for it, and if generators didn't offer supply at that price, to me the problem is the generators. This is the only protection that load has in this market, and I think to fault Edison for doing exactly what they should be doing to protect their customers is completely wrong headed.

_____: Okay.

_____: _____, could I just make one comment?

_____. _____ by the irony of that statement.

_____: Can we call the question, please? I guess Mr. Parquet's through with his—

_____. Jan. I have a question.

_____: I don't want to cut Dave off, but if Dave is through, then—

_____: _____ totally screwed up.

MR. WHITE: Jan, this is John White

MR. SMUTNY-JONES: Yes.

MR. WHITE: I'd like to ask a question.

MR. SMUTNY-JONES: Yes.

MR. WHITE: Uh, there has been since the original discussion on the first motion the other night, there's been a little confusion in my mind as to the extent to which demand bids are able to be participating at the \$750 level. And Michelle, at the very beginning of the call, raised concerns. I think—I wanted to know if in fact we're talking about all demand bids are exempted _____ or only bids that are subject to the current programs.

_____: The intent when we looked at this before was only the summer trial programs, not all demand bids.

MR. WHITE: So anything we're designing for new to do in the face of the shortages won't be able to be participating at that price.

_____: Based on the bids and so forth that we receive, \$250 is nowhere near enough money to—

MR. WHITE: Right. I recall that discussion from the other night.

_____: So I—I don't disagree with that.

_____: But I cannot support the motion if the demand bids aren't all at \$750, because I think the priority of Senator Bowen alluded to earlier is on the demand side. That's where we have the best chance of doing something. I think we can revisit the future price caps in the fall, and maybe FERC will do it for us, but—

MS. EDWARDS: Clarifying question.

_____: Marcie, is that something that we could—I—I, this is a legitimate issue I wasn't sure how it had been resolved, and that was my question. There's a bigger question—

MS. EDWARDS: What I would suggest at this point, particularly since the question's been called, that we go ahead and bid scratches and burns, then we can back up and make whatever additional modifications everybody wants.

_____: There is one open issue, and that is affecting the _____

_____: Also, I haven't heard from Marcie on whether or not she accepts this, whether or not she—

MS. EDWARDS: My difficulty is that conceptually I agree with you, but I don't think that there's sufficient time to be able to arrive at some agreed-to faction on a remedial in this particular venue right now. But I—I can tell you why we'll work with you and try to support a resolution. I can't accept it as a friendly amendment at this point.

_____: Okay.

MR. FLORIO: Just one quick thing. John, for your information, I think anything going forward can come back to the Board, and if we wanted to set special prices for demand side, the Board can do that. Correct me if I'm wrong.

_____: Well, I thought that was what we had done, uh, I guess.

MR. FLORIO: Well, is there demand bidding other than through the special programs?

_____: No, but we sure need some, don't we?

MR. FLORIO: Yeah. But I mean because it seems like anything we have is going to be through those—

_____: But the utilities have programs, demand side bidding programs in place. I think we have to check the language on that to see if we need to modify it so that those programs could be outside of that bid, but I—I think that's something that we certainly would do, um, based on the support for demand side programs, and I would suspect that PUC would support that.

MR. FLORIO: It just seems to me that, you know, if the ISO is otherwise going to go out of market and pay \$600 for an increment of energy and there's a load that would curtail at \$598, you should be able to call that load out of market, just like you could call a supply.

_____: It's important to note just from the demand perspective that in addition to the loads that were solicited to the summer programs—there are numerous pumping loads and others that participate regularly in demand side, _____ pumps, and all kinds of others that have been participating for—since the beginning of markets, we have—and at times many, many megawatts of demand, and exempting demand by itself completely would mean that all of that would have to be handled outside of the—the computer software would all be manual because the price caps, of course, would reject bids associated with that. So if we do that, it will apply to a significant quantity of demand in addition to the few megawatts that were brought into the summer program, and it would all be annual settlement process.

MR. SMUTNY-JONES: These are clarifying questions to this issue, fine. If not, the question has been called, and I want to get this over with. Mr. Fielder too? Okay.

MR. FIELDER: I'm wondering if we can't deal with John White's issue by adding to the bullet that addresses that and say something like, such reduced caps will not apply to the capacity payments of the summer 2000 demand relief trial program currently in effect and shall not govern future demand programs that that may be implemented. So just to make it clear that—that the \$250 cap is not a precedent for a future demand program. John, does that deal with your issue?

MR. WHITE: I think so.

_____: Marcie, _____ that a friendly?

MS. EDWARDS: _____ you just heard the language that John put forward. Do you have a problem with the implementation aspect?

_____: Any special program that we do is going to be manual. That means that it could probably be done. It just takes resources and depends on the structure of the program. It will certainly be a lot easier with the language that you just proposed, because it talks about future programs as opposed to trying to figure out how to do demand that's already bidding into the system in the past and so forth. So, _____ programs it would be a lot easier than what we've got right now.

_____: So you see the recommended lan—recommended language is feasible, then. So I don't think there's any question that support for demand side exists, but I just don't want to put language in that's just like something that we can't do just as—

_____: We'll just have to reflect in the development of future demand programs the fact that we would be implementing them separately and outside of the—the structure.

_____: Okay. I'll—I'll accept that as a friendly amendment.

_____: Marcie, I just had one last question for Callen while we're talking about underscheduling.

_____: All right.

_____: Can I ask it before you cut me off?

MR. SMUTNY-JONES: Uh, I'd actually like to vote on this. Uh, the question's been called, and we're now at the, you know— You accepted that amendment; is that correct?

_____: You _____ our question. Stacy.

_____: Yeah, we need to fill in the date, and we need to hear from—

_____: Isolate. I'm Canadian, remember.

_____: I could ask Jan if—if he would cut you off. Anyway.

_____: Did you get your language correct?

_____: We need to read that so that the second can indicate whether they—

_____: I-I'm flying blind here, so somebody's going to have to—I think I trust—

_____: Please reread—

_____: I trust Marcie to know what I meant in that regard.

_____: _____. The way that bullet now reads is such reduced cap shall not apply to the capacity paid into the summer 2000 demand release trial program currently in effect and shall not apply to any future demand release programs which may be implemented. Michael?

MR. FLORIO: I—I accept that.

_____: Now we need a date and a _____ meeting for Saturday.

_____: July 10th.

_____: Okay.

_____: July 10th has now been inserted.

_____: Michael?

MR. FLORIO: Fine. Did we deal with Charlie's issue about rescinding versus—

_____: Yes, we have.

_____: Yes, the opening paragraph now reads. the motion on price caps adopted June 28, 2000, shall be superseded by this resolution. effective July 10th, 2000.

MR. FLORIO: Perfect.

MR. SMUTNY-JONES: Okay. With that, that's a motion.

_____. Point of order.

MR. SMUTNY-JONES: Yes?

_____: Uh, given Governor Collins' resignation. can you please remind the Board again what does it take for a quorum and for a motion demand?

_____: For a quorum it's sixteen members, and a motion needs thirteen affirmative votes to pass. We do have a quorum. Let's see where the vote goes. Will you please do a roll call.

_____: Marcie Edwards.

MS. EDWARDS: Yes.

_____: Dick Ferreira. John Fielder.

_____: We can't hear that. Would you call out the vote please, Elena?

_____: I will. I'm sorry. Marcie Edwards, yes. Dick Ferreira, yes. John Fielder.

MR. FIELDER: Yes.

_____: Yes. Mike Florio:

MR. FLORIO: Yes.

_____: Yes. Dede Hapner.

MS. HAPNER: Yes.

_____: Yes. Karen Johanson.

MS. JOHANSON: No.

_____: No. Stephen Kashiwada. Yes. Carolyn Kehrein.

MS. KEHREIN: Uh, abstain and I'll explain why later.

_____: Abstain. Uh, Jack McNally. Yes. Dave Parquet.

MR. PARQUET: No.

_____: No. Stacy Roscoe. Jan Smutny-Jones.

MR. SMUTNY-JONES: No.

_____: No. Patricia Swanson.

MS. SWANSON: No.

_____: No. Jerry Toeynes. No. John White.

MR. WHITE: Yes.

_____: Yes. Terry Winter. Yes. Ken Wiseman.

MR. WISEMAN: No.

_____: No. Eric Woychik.

MR. WOYCHIK: Yes.

_____: Yes. Barbara Barkovich. No. Greg Blue.

MR. BLUE: No.

_____: No. Bill Carnahan.

MR. CARNAHAN: Yes.

_____. Yes. Gary Cotton. Yes.

MR. SMUTNY-JONES: That's twelve. The motion does not carry.

_____: The motion does not carry. It was twelve to nine, with one abstention.

MR. SMUTNY-JONES: Is Mr. McGuire on the line?

_____: Nope.

MR. SMUTNY-JONES: Okay. All right. Let me make a—let me just make a statement now after I've kind of tried to keep my—to keep my peace, but that's the wrong choice of words.

_____. Oh, go ahead, Jan.

MR. SMUTNY-JONES: I—I think we've got, you know, I think we need to look at a couple of things here. You know, first of all, I have been personally involved in this restructuring effort for well over six years now. I take a great deal of pride in what we have been able to accomplish here while recognizing that this is a, uh, basically a growing child for lack of a better description, and there are things that constantly need improvement and direction. Uh, having said that, I had the dubious distinction of being the first Governor on this Board to have to basically approve a price cap. When Jeff Trainor called me in July of '98, very animated—of course, every conversation with Mr. Trainor was very animated—about certain behavior in the ancillary services market. I asked him what he thought we needed to do. He said I think we need to cap the markets. Then I said, well, then let's cap the markets, and I'll call a meeting. Okay. And that's how this whole thing got started. Now somehow this dead cat keeps ending up on our porch, and I don't quite get it. At the time we imposed those caps it was because—and I recall very distinctly—there were regulatory problems with respect that some people had cost-based rates and some had market-based rates. That's been fixed. There were contractual problems that limited municipal participation in certain markets. That got fixed. And there were software—the ever-present software changes that precluded the ISO from procuring ancillary services and these other products from out of state. That's been fixed. Last year we considered a motion to move the price cap from \$250 to \$750. Okay. And we put some trip wires in there with respect to, uh, being able to have the demand side management programs in place and hedging tools available for our utilities. Okay. We—we fed those criteria. The frustration I'm having right now is we keep coming back to this price cap as if the ancillary service and real time market is what ought to be driving this whole thing. It isn't. Okay. You just—it is not the case. And I think it's important that we recognize the fact that there—there needs to be some fixes out

there, and it's not necessarily this Board who can do anything about it. I was very struck by the first two speakers that arrived here today, and very—very concerned about their observations, because as I think was indicated earlier, it was—it was the industrial in this State and commercial interests in this State that pushed restructuring basically to correct the job base we have out there today. And we don't want to be basically destroying that. I think it's extremely important that we fix the problem in San Diego. I—I realize that there's rate pressure on PG&E, and I'm sensitive to that, and—and Edison, but the reality is that where the focus is is on—on the actual impact on rates in—in San Diego. Now we talked a little bit about it. Some people suggested this concept of a blue ribbon committee or whatever else. That may be fine, but I think we need to be more proactive. I think there are things that we need to instruct our management to get on tonight, if possible, and certainly tomorrow. And let me give you just some ideas, kind of some of the things that I've been thinking about. Since everybody's busy trying to help us solve our problems, I thought I'd help bring them along with us. First of all, there's a huge amount of public load out there that basically could be shed during peak hours. And what I mean by that is the State of California, okay, there's no reason at all that a lot of those office buildings couldn't start cycling off the air conditioning at 3:00 o'clock in the afternoon. I won't say discouraging things about State workers. The fact of the matter is, many people start at 7:00 and begin to leave at 4:00 anyway. So, I think that's doable.

I was awakened to more good news today when I heard Secretary Richardson suggesting that we may have a power supply problem in California this, uh, this summer. You know, the news just gets better and better. What I would like, and maybe I'll do it myself, to call Secretary Richardson and point out the fact that the federal government also has hundreds if not thousands of megawatts in California that also could be shed at peak periods of time. And try to get these two entities—and the reason I'm focusing on these two entities is that they—there's a high level of concentrated load.

I think it's important that we work aggressively at the PUC to make sure that the hedging tools available to utilities are sufficient for them to meet their needs. I think it's—now whether they utilize them or not—you know, those are business decisions. Some people fought very hard to keep all these customers, and now you got them, you're going to have to figure out how to provide for them. And as long as you have those tools, you know, sometimes you make good decisions, sometimes you make bad decisions. As long as those tools are available, you know, I think we need to focus attention there.

I think we need a management team available, and I've asked Terry if he could commit some folks to—if Terry and somebody else comes up with some real time solutions for San Diego, and we have people that are here now that are capable of saying, okay, this is how we're going to implement it. Okay. I think we need to have a strike team on this that's able to move and move quickly. We do not have the luxury of all summer to sort this stuff out. Okay. I think we need to support if San Diego—you know, we ought to consider what the impacts are of San Diego averaging their bills. Okay. Everyone's talking about the high summer bills because they're very visible. Okay. I did not—we did not have this same discussion in April when bills were relatively low. And I think what's important, and I think what get missed in the media coverage in this—because on average, okay, you know, it is not like all hell's breaking loose. Okay. We

need to get this focus back and to, you know, really what's going on. I voted against that motion for the following reason: I am not convinced that price cap is the chainsaw we need to remove these splinters. Okay.

I fully acknowledge there are problems, okay, that are complicating Mr. Cotton's life. I have dedicated the last couple days to try and sort through are there solutions for that. I think it's been suggested here there are people now who are thinking about that. There—there's progress being made in those areas. I don't know if any of that will work or not. What I want this organization to be able to do is respond immediately, absolutely immediately, to any request that Gary or anybody else has to solve this real time problem. And I think that that's what we need to be doing. I do not believe that the—that the price cap would have any impact but a negative one on California, both in terms of the long term as a place to invest money and in the short term in terms of its effect on rates. I'm not trying to be stubborn; I'm not trying to be blind; I'm not trying to be naïve. But I really don't see, based on what I—with the material I've reviewed from staff, the presentation of Dr. Woolock, and, you know, these letters that have been coming in from people who are actually big bankers behind some of these projects—I-I-I am just very concerned about long-term signal we're sending out there.

Uh, I, you know, would entertain anything you folks want to talk about. Obviously, we have a meeting again on August 1st. I wouldn't be at all surprised if this issue reappears. But I think in the meantime I would like some response in terms of some of the issues I've put out there, because I do think it's important that we act. I do think it's important we try to address the issues that are going on in San Diego right now, and PG&E and Edison are close behind that. And I think we need to take more of a leadership role in this.

MR. WISEMAN: Jan, Ken Wiseman requesting—

MR. SMUTNY-JONES: Good.

MR. WISEMAN: I'd like to move that the ISO formally call on the PC to spread San Diego's ratepayer costs throughout the year and consider reinstating the rate freeze.

_____: Have I been cut off?

_____: No.

_____: _____ figure out what the impact of that is.

MR. SMUTNY-JONES: We-we need to have a second, though. There would need to be a second on that.

MR. WOYCHIK: Ken, this is Eric. If I were to—

_____: Oh, principle, Eric, go ahead, principle.

MR. WOYCHIK: Well, no. All right, all right. If I were to put that before Michael Shane, he would say the same thing. What is the principle? Why are you doing this? And what does the rate freeze got to do with the market structure problem?

_____: Can I—

MR. WOYCHIK: We've had detailed discussions about that.

_____: Before we discuss it, _____ a second?

MR. SMUTNY-JONES: Okay. We aren't going to discuss it if there's not a second. But it has been made. Any seconds? There's no second, Ken. Barbara? I'm sorry. Mr. Parquet, and then Barbara, and then Blue.

MR. PARQUET: Um, I agree with what you indicated, Jan, and that is that I think all the focus that we've had on this organization, I think demands that we take a little bit more of a leadership position and, uh, I've been having some help here, but I think that if I could read what I've got so far, maybe it's consistent with what you indicate, and that is, I'll just make a motion, move that ISO senior management develop a program and report to the Board on leadership activities they have undertaken and will undertake to deal with statewide issues that California faces to continue to develop workably competitive markets. Such activities should include establishing multi-organizational committees to deal with, by no later than July 15th, possible short-term solutions for San Diego's ratepayers, including new hedging and bilateral agreement capabilities and by no later than July 31st, longer term solutions, or the beginning of longer term solutions for such issues as incenting new transmission and generation, development of an aggressive demand side management program, metering for consumers, and other issues as the parties may develop.

MS. JOHANSON: I'll second that motion.

MR. SMUTNY-JONES: It's been seconded by Karen Johanson.

_____.

MR. SMUTNY-JONES: Okay. It's going to be put on the big board here in a minute. Okay. In the meantime, the motion's been seconded. I've got Barbara, Blue, Carolyn, and—anybody on the radio?

_____: I-I've got a point of order.

MR. SMUTNY-JONES: Yes, _____.

_____: This is not on the agenda. Is there a problem with that? I mean, I don't-- We're entertaining motions here that—or discussions on an issue that are not on the agenda.

_____: I make it the general _____ in the scope of solutions for an unidentified problem.

_____: Barbara?

MS. BARKOVICH: I--the reason I had raised my card was that I was going to ask whether given that there was a lot of commonality of interest in the items on the previous resolution with the exception of the price cap, whether the Board wanted to entertain the possibility of looking at some of those other issues. Um, and it looks like Mr. Parquet coming before me has attempted to do so, and so I'll hold my fire until I see in writing what he proposed. Thank you.

MR. SMUTNY-JONES: Mr. Blue.

MR. BLUE: Uh, a quick statement on my favorite issue, uh, excuse me, curtailed exports and what the generator can pay if their schedules get cut. I would be willing to let ISO staff come up with some language on that. I would remind them that, you know, I believe sellers do still have the 205 right under the Federal _____ Act, so, but-but we're willing to let the ISO, I think it'd be better if it came from the ISO, so I'll just-- Hopefully in the next meeting we can get this on the agenda for the third or fourth time. Thank you.

MS. KEHREIN I have, uh, I'm going to _____ with the luncheon one just so people hear it, and, um, I assume that if I don't do this, Mr. Fielder will do it, but, um, there is an issue that was discussed at the public part of the MFC meeting last week where because of the fact that we currently have adjustment bid caps that are the same as the price cap, and it forces the utilities that if they want to put an adjustment bid, that they can bid for energy no higher than one cent below the cap, because otherwise we cannot put in an adjustment bid. And there's been discussions between now and then that an appropriate cap on adjustment bids would be more likely to be the--the price cap plus the replacement reserve, plus a little bit so that utilities can bid a reasonable amount in the forward--in the day ahead market compared to the real time price and still be able to put in an adjustment bid that's higher. So I think we need to deal with that today. And I just wanted--that up for discussion after we finish Mr. Parquet's motion.

But the second part--thing I wanted to discuss has to do with why I abstained. And I would very much ask whatever members of the press are in the room or on the phone not to put this--not to put this in writing. There's been enough play on this issue that it hasn't done any good, but I think I need to explain why I abstained, and, um, I have had absolutely no problem discussing with anybody on a factual or reasonable--a reason basis this issue. Uh, I found it inappropriate to get personal pressure on this issue. But what I found onerous was when people called other people and put personal pressure on them to change my vote. That is a--that's beyond anything reasonable, and I'm not sure who did it, and whoever you are if you're listening, shame on you, and I'm really sorry that people went down to that issue of putting almost threats on other people to get me to change my vote, but that's bad. And I know _____ Fielder would agree with me. We--I have no idea who all the parties are, but I--Mr. Fielder, I'm sure, would

make sure that there are no repercussions from people on behalf of Edison, and I don't think, you know, if there were, you will reassure them that it was an Edison person, nothing will happen to those people because they weren't able to change my vote. And I _____ Senator Bowen's in the room, but I would sure _____ hope that you would support me in making a phone call if necessary to those people to tell them the _____, they could not change my vote is not going to have a repercussion on them. Thank you.

MR. SMUTNY-JONES: Okay. Mr.-- We're busy putting this motion together. Go ahead.

_____: If I could just take a moment. One of the things that we did-- The last motion we did, we cobbled together really quickly, and it really wasn't that clear. So what we had done in preparing this motion and leaving it blank was trying to clean up a lot of the things that we did quickly. I--I guess I would like to entertain a motion somewhere that if we're going to keep it at \$500, maybe we change that motion to \$500 and--and vote it in at that level so that we can clean up all the other things that we had gotten involved in, and then maybe, you know, whatever Dave wanted to add, do it. That--that would be my only suggestion.

_____: Wouldn't it be easier to do a second motion that has the terms and conditions, if you will, of this motion? I-- My only concern is if we revisit this issue, last week's vote again, then we're going to be here for many, many hours again, and--and hear a lot of the same arguments from all of us.

_____: Terry, let--let me ask this question. Based upon the motion that was passed last time, and not that I disagree with what you're suggesting here as far as the language, do you believe you can move in that direction given the motion that was passed last time?

_____: With your clarifications, with your desire here to clarify some of the confusion last time, do you still believe that you can move in that direction given the motion that was passed last week?

_____: Well, clearly we can move in any direction, but I'm not sure there's a real basis for some of the things that we were concerned about. We certainly hadn't spelled out exactly what some of the programs were that we were pushing for, and that's what we hope to clean up.

_____: Why don't you--when you-- When those issues come up, why don't you deal with them then?

_____: Well, we can't. If it's written the other way, then I've got to come back to the Board and say here's how I changed this in that agreement.

_____: On a _____ basis as opposed to going back and crossing one word out and putting another, I would agree with that.

MR. FLORIO: Why don't we just cut through this, and I'll move the motion, the previous motion with \$500 separate substituted for \$250, so that we can have this language with the \$500 rather than the old language.

MR. SMUTNY-JONES: We currently have a pending motion.

MR. FLORIO: Oh, that's true.

MR. SMUTNY-JONES: We need to wait for the additional motion.

_____: Sure.

MR. SMUTNY-JONES: But the Chair will certainly entertain that motion as soon as this other motion is _____ popped up. Would someone please read that so, uh, those on the phone can, uh, _____

_____: This is for the statewide issues program. Moved that the ISO senior management develop a program and report to the Board on the leadership activities they have undertaken and will undertake to deal with the statewide issues that California faces to continue to develop workably competitive markets. Such activity should include establishing multi-organization committee to deal with no later than July 15th, 2000, short-term solutions to the San Diego ratepayers, including new hedging and bilateral agreement capability, and by July 31st, 2000, longer-term solutions or possibility for longer-term solutions for incenting new transmission and generation development of aggressive demand side management programs and metering for consumers and other issues as the parties may develop.

MR. SMUTNY-JONES: Okay, that's moved and seconded. Is there any further discussion on this motion?

_____: I'd like to state an additional basis for considering the matter at this time in response to government-- McNally.

MR. SMUTNY-JONES: That's fine.

_____: Uh, a concern under our open meeting policy we are permitted to consider matters where a determination—where there's a need to make a determination, and I-I assume that the Board members will give this to me immediately, a matter that needs immediate attention.

MR. SMUTNY-JONES: Yes.

_____: And therefore as a additional basis.

MR. SMUTNY-JONES: Carolyn?

MS. KEHREIN: It's to—to— Our first one is when we talked about long-term solution to incenting new transmission and generation. Our previous motion, uh, also I think had to do with expediting _____, _____ we're going to be putting _____ together, I think that should also be one of the issues _____ and brought up by Senator Peace. Uh, the other one is, I'm not sure, and I'm trying to read it. I want to make sure that we aren't stepping on anybody's toes. And by that I just want to make sure that we don't—we aren't claiming we can do things that we can't do and that are other people's priority—prerogatives. I just—I'm trying to make sure that we're not _____. We need—one of the issues that I brought up earlier is we need to work with the other entities, um, if you _____ legislators, et cetera, and I want to make sure that since we do need them that this will be—

(End of Side B, Tape 2)

... points there.

_____: _____ with that in siting.

_____: Siting? Well, I got, uh, for incenting new transmission and generation. That's siting, if that's what you're—

_____: That would be-- We talk-- Uh, Senator Peace had talked about, uh, Tim and, uh, Jim Brulty (?) having requested the Governor work on siting for transmission and generation.

_____: You could add the word incenting the siting of their transmission and generation.

_____: _____ it's—it's expedited.

_____: Dave—Dave, I would think maybe you _____

_____: Okay. No, leave it. It's fine the way it is. _____

MR. SMUTNY-JONES: Terry?

MR. WINTER: I'm a little concerned. I think, uh, while we run twenty-four hours a day, 365 in a year, July 15th is a Saturday. We usually wouldn't use the weekends to get all the work done that we couldn't get done during the week. So maybe the 17th would be a better day.

MR. SMUTNY-JONES: My boss said it was _____ when that happens.

_____: That's the field day (?).

_____: The 17th is fine.

MR. SMUTNY-JONES: All right. The 17th. Barbara?

MS. BARKOVICH: A clarifying question.

MR. SMUTNY-JONES: Yes.

MS. BARKOVICH: Uh, I thought I remembered Terry-- I mean, one, I do think the date is ambitious, but in addition I—I thought I heard Terry say earlier that—it's like hard to read out of the bottom of my bifocals—uh, it—it—that he didn't see the ISO as being in the role of dealing with the hedging issues, and yet this seems to put the ISO in a leadership position with respect to that, and I'd like to get Terry's reaction to that, please.

MR. WINTER: I guess we could define leadership however we want to. Uh, it is pretty hard to lead the band if there isn't anybody there. However, having said that, I think we can lay out a program and certainly offer to work with the other groups to try and get these issues confronted (?). How successful we'll be, I have no idea.

MR. FLORIO: This is Mike. I don't have it in front of me, but I think the language about hedging said something about bilateral, and that's been kind of a hot button issue with the PUC. I wonder if we couldn't just say hedging and leave it.

_____: What it does say, it says new hedging and bilateral agreements. I read those as two separate-- Or maybe I'm misreading that.

_____: Mike, what do you think about new hedging for bilateral agreement capabilities.

MR. FLORIO: That's fine.

_____: Yeah, leaves it in terms of-- Again, we're not—

MR. FLORIO: Yeah. We're not—it's not for us to decide.

_____: There are five constitutional officers whose job it is to run the PUC. They'll have to decide this.

_____: What we're doing is sending a signal that we all think this is important. I'm sure they do.

MR. SMUTNY-JONES: All right.

MR. FLORIO: Yeah.

_____: Okay.

_____: You have the motion. _____ accepted that.

_____: No, I, uh—I'm just reading it for the last time. Could I put—amend my own motion, incensing and expediting the siting and interconnection both. Siting and interconnection.

MR. SMUTNY-JONES: All right. Get enough ands in there?

_____: Yeah.

MR. SMUTNY-JONES: Okay, it's been accepted. Mr. McNally.

MR. McNALLY: Yeah. Relative to the siting, um, from my limited amount of knowledge, uh, some of the problems, uh, in terms of the siting process deal with the California Energy Commission as well as local agencies. Uh, there's been some delay in terms of new transmission that's—that is caused by _____

_____: Does that cover—I guess my question is, does that cover all agencies in terms of trying to expedite?

_____: Yeah, what I meant by the, uh, I'm sorry, or is it the—all the organizational committees. I hate to say committee. That's an oxymoron to me, but, uh, that means CDC, Energy Commission, possibly the legislature, and whoever needs, wants to, is required to get involved in order to move these broader issues forward. Nobody's asking, I think as Senator Bowen indicated, nobody's asking you to run roughshod over the environment. _____. I think the CDC is part of this multi-organization _____.

_____: Well, the CDC deals, as you know, with—with SEQUA (?), but we also have local agencies, air quality, water quality, and the like, and they have been involved in some of the siting in trying to get their _____. I think I asked way back when we were considering that multi-fuel strategy to make sure the Air Resources Board was involved in this as well, so they would be one of the, uh—

_____: My—my sense of this, uh, is that the uh-- We were basically laying out a short-term and longer-term type of program. My sense is that there are a number of both legislative and policy leaders in the State that recognize the need to work cooperatively to get generation and transmission built in this State. And I-I think Jack Long (?) did that second issue, the longer-term _____. I read this to include the Energy Commission and everything else, and—and recognizing the fact that some of these may be difficult problems that will require, you know, leadership of people that aren't sitting around this table. But I think if—I think we can key these issues up crystally for them from the standpoint of—you know, if we do not get generation built and we do not get transmission built, you know, we've got a problem. I mean, what I found telling about our last Board meeting is the, you know, the front-page headline was on that damn barge. It wasn't on our price caps. Okay. That pulled me a lot right there about how to get people's attention. But that's how desperate we are. Okay. And so I think that we need

to be asking for, you know, some leadership exhibited by these various other State agencies and federal agencies and move forward.

_____: But-but-but I-I-I think what I'm hearing, the theory is is that we need more transmission and more generation to actually make the market work, and so really this is dealing with Band-Aids basically until we get a market that works, and that's not going to happen until we get transmission in.

_____: And uh, and uh, generation, which is probably three or four years away.

MR. WOYCHIK: Jack, this is Eric. Not everybody agrees with that, so I don't think that's a—

_____: I-I-I'm sure they don't, Eric.

MR. SMUTNY-JONES: Anybody else? Call the question.

MR. FLORIO: This is Mike. I was just going to say I support this, but I think we have to recognize we're asking a bunch of people to cooperate with us that just asked us to do something for them, and we told them no, so, that may reflect on the ability to carry this out, but I'm still going to vote for it.

MR. SMUTNY-JONES: Okay, thank you. Uh. okay. Please read the role.

_____: Dave Parquet.

MR. PARQUET: Yes.

_____: Dave Parquet, yes. Stacy Roscoe. Yes. Jan Smutny-Jones.

MR. SMUTNY-JONES: Yes.

_____: Yes. Patricia Swanson.

MS. SWANSON: Yes.

_____: Yes. Jerry Toeynes. Yes. John White. John White.

_____: _____

_____: Jerry Winter. Yes. Ken Wiseman.

MR. WISEMAN: Yes.

_____: Ken Wiseman, yes. Eric Woychik.

MR. WISEMAN: It was a yes, yes.

_____: Did we get Eric?

MR. SMUTNY-JONES: Eric?

MR. WOYCHIK: I'm abstaining. I'm sure what we're voting on.

_____: Abstain. Barbara Barkovich. She voted yes. Greg Blue.

MR. BLUE: Yes.

_____: Yes. Bill Carnahan. Bill Carnahan.

_____: Dinner. Gary Cotton.

MR. COTTON: Yes.

_____: Yes. Marcie Edwards.

MS. EDWARDS: Yes, but I agree with Barbara.

_____: Yes. Uh, Dick Ferreira. Yes. John Fielder. Yes. Mike Florio.

MR. FLORIO: Yes, and I—I—I'd love to know what Barbara said so—

_____: Barbara said that it was cruel and unusual punishment for staff.

MR. FLORIO: I-I agree with that, too.

_____: Dede Hapner.

MS. HAPNER: Yes.

_____: Yes. Karen Johanson. Yes. Stephen Kashiwada. Yes. Carolyn Kehrein.

MS. KEHREIN: Yes.

_____: Yes. Jack McNally. Abstain. Motion passes eighteen/zero, two abstentions.

MR. SMUTNY-JONES: Okay. I'd like to _____--

_____: Go ahead, I'm sorry.

MR. SMUTNY-JONES: I-I think I promised Mr. Florio the-the-the floor.

MR. FLORIO: Yeah, well, I'll, uh, move the earlier motion with \$500 _____ substituted for \$250, just to clean up the language as Terry indicated would be desirable.

MR. SMUTNY-JONES: Okay.

_____: Mike, if-if-if you can hold on. I don't know that there's a second, but, uh, we're just looking at some language that we may be able to _____ would not force people to take on the issue of voting for the \$500 again.

MR. FLORIO: Okay. I'm-I'm just trying to help, so if there's an easier way, I'm happy to go along.

_____: Mr. Smutny?

MR. SMUTNY-JONES: Yes.

_____: Do you want to take a two-minute break so people can grab a sandwich while new language is being developed?

_____: _____

_____: Okay.

MR. SMUTNY-JONES: If you want a sandwich, grab one.

_____: Sort of like dog training. You make them sit before you give them the bone.

(Laughter.)

_____: Grab a sandwich, Mike.

MR. FLORIO: Yeah.

MR. SMUTNY-JONES: All right. Oh, my God.

MR. FLORIO: Since we're all going to have a plan developed for July 17th that we will incorporate a lot of the things that we had in our motion into that report to you, and if necessary that we'll use as our clean-up to the motion and just work through the issues that are there. and then you don't have to readdress the problem.

_____: That works for me.

_____: Me too.

_____: I move to adjourn.

_____: Hold on, hold on.

_____: No, no, no, nope, nope.

_____: Okay. Wh-wh-while the Chair is busy, uh, I earlier said I'd like to make a motion.

_____: Next (?).

_____: I don't—

_____: Yes (?).

_____: I don't—I'll-I'll—I won't make it in the exact wording. I'll let Mr. Parquet write it down. since he's so good at it, but, uh, we need to fix, uh, the adjustment bid cap so that the adjustment bid cap is higher than the, uh, real time energy cap, plus the replacement reserve cap, plus the few (?) box. And I don't know Mr. Winter would like us to do that. but I think, uh, if we want the utilities to, you know, Mr. Parquet is saying we want the utilities to bid more in the fo—in the day ahead market. For them to do that they need to be able to, uh, have a better bid group.

_____: I guess I'm really nervous about responding to that because that's one of those that starts really tinkering with the whole market. I'd like the ability to wait until the 17th to review that and see if that's a reasonable thing that we should do.

_____: And I-I see Mr. Fielder nodding his head it's okay to wait? I'll-I'll withdraw my unworded motion.

_____: Good. Thank you.

MR. SMUTNY-JONES: Okay. Any other matter?

_____: I _____ a motion to adjourn.

_____: Second.

MR. SMUTNY-JONES: We're gone. I toast you all. All in favor? All right. Any opposed? All right. Any abstain? All right.

Thank you very much. I do appreciate the, uh, Board members, I do appreciate the fact that—yes. Gary.

MR. COTTON: I was serious. Until they throw us out, I'm willing to stay here and talk.

MR. SMUTNY-JONES: Line—line—

MR. COTTON: . . . until we find a legal (?) solution.

____: Hey, Gary, I'll give you a call.

MR. COTTON: Okay.

MR. SMUTNY-JONES: Okay. Board members and staff, I do like to—I'd like to thank you again for making yourself available for this special meeting. Thank you.