

November 12, 2003

The Honorable Magalie Roman Salas Secretary Federal Energy Regulatory Commission 888 First Street, N.E. Washington, DC 20426

### Re: California Independent System Operator Corporation Docket No. ER03-1221-000

Dear Secretary Salas:

Enclosed for electronic filing please find the Motion for Clarification and Conditional Request for Rehearing of the California Independent System Operator in the above-referenced docket.

Thank you for your assistance in this matter.

Respectfully submitted, nthony J. Ivancovich

Counsel for The California Independent System Operator Corporation

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

California Independent System Operator )

Docket No. ER03-1221-000

### MOTION FOR CLARIFICATION AND CONDITIONAL REQUEST FOR REHEARING OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

The California Independent System Operator Corporation ("ISO")<sup>1</sup>

respectfully submits this Motion for Clarification and Request for Rehearing of the

Commission's "Order on Tariff Amendment No. 56" issued October 17, 2003<sup>2</sup> in

the above-captioned docket pursuant to section 313(a) of the Federal Power Act,

16 U.S.C. § 8251(a), and sections 212 and 713 of the Commission's Rules of

Practice and Procedure, 18 C.F.R. §§ 385.212 and 385 713

# I. BACKGROUND AND REQUEST FOR CLARIFICATION OR, IN THE ALTERNATIVE, REQUEST FOR REHEARING

On July 29, 2003, Commission staff convened a technical conference on

the practice of Scheduling Energy from Reliability Must-Run ("RMR") Units after

one RMR Owner raised concerns that the Commission had declared the method

it was using to Schedule RMR Contract Energy for which it could not find a buyer

- namely, using "dummy" load - to be a violation of the ISO's Market Monitoring

<sup>&</sup>lt;sup>1</sup> Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the ISO Tariff

<sup>&</sup>lt;sup>2</sup> 105 FERC ¶ 61,074 ("Amendment No 56 Order")

and Information Protocol <sup>3</sup> Though no consensus solution emerged from the technical conference, the ISO committed to proposing amendments to its Tariff to address this issue. Accordingly, on August 18, 2003, the ISO submitted Tariff Amendment No. 56 in which the ISO proposed certain reforms to the RMR Scheduling process.

In addition to the changes the ISO proposed in Amendment No. 56 regarding Scheduling RMR Energy, the ISO also proposed to correct an oversight regarding the application of a penalty previously approved by the Commission in Amendment No. 35 See Amendment No. 56 transmittal letter at 9. The Commission expressly rejected the ISO's proposal to modify the way RMR Energy is Scheduled, and directed the ISO to implement a procedure that would allow RMR Owners to schedule RMR Contract Energy for which they cannot find a buyer to a load point designated by the ISO for this purpose However, in its Amendment No. 56 Order, the Commission did not address the issue of the proposed Tariff revisions that the ISO filed to ensure proper and uniform application of the penalty approved in Amendment No. 35<sup>4</sup> No party opposed the ISO's proposal to apply the penalty approved in Amendment No 35 to both RMR Market Energy and RMR Contract Energy. In fact, Dynegy included this penalty provision when it proposed revisions to Section 2 2.12.2.2. Therefore, the ISO requests that the Commission clarify whether its rejection of

Amendment No 56 was intended to apply only to the RMR Scheduling process

<sup>&</sup>lt;sup>3</sup> American Electric Power Service Corporation, et al, 103 FERC ¶ 61,345 (2003) at paragraph 60

<sup>&</sup>lt;sup>4</sup> California Independent System Operator Corporation, 94 FERC ¶ 61,266 (2001) at ¶ 61,924

or to the ISO's request to uniformly implement the Amendment No. 35 penalty as well. If the Commission determines that its Amendment No. 56 Order also rejected the ISO's request to apply the penalty approved in Amendment No. 35 to RMR Contract Energy, then the ISO respectfully submits that the Commission has erred and requests rehearing of this particular issue. As the ISO discussed in the Amendment No. 56 transmittal letter, because the incentives for failing to generate the requested RMR Energy are the same whether the RMR Energy is being paid for under the RMR Contract or through the market, there is no reason to apply the penalty only to RMR Market Energy and not to RMR Contract Energy.

#### II. CONCLUSION

Wherefore, for the reasons discussed above, the ISO respectfully requests that the Commission grant clarification, and, as necessary, rehearing of the Amendment No. 56 Order, in accordance with the discussion above

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Dated: November 12, 2003

Respectfully submitted,

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## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above-captioned dockets

Dated at Folsom, California, on this 12th day of November, 2003

Anthony J. Ivancovich (916) 608-7135