

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

California Power Exchange Corporation)	
)	Docket No. ER99-1262-000
)	

**MOTION TO INTERVENE OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214, and the Commission's January 19, 1999 Notice of Filing, the California Independent System Operator Corporation ("ISO") hereby moves to intervene in the above-captioned proceeding.

I. COMMUNICATIONS

Please address communications concerning this filing to the following persons:

N. Beth Emery
Vice President and General Counsel
Roger E. Smith, Regulatory Counsel
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-2334
Fax: (916) 351-2350

Edward Berlin
Kenneth G. Jaffe
Sean A. Atkins
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., #300
Washington, D.C. 20007
Tel: (202) 424-7500
Fax: (202) 424-7643

II. BACKGROUND

On January 13, 1999, the California Power Exchange Corporation ("PX") filed in the above-captioned docket notice of a proposed temporary deviation from the Hour-Ahead bidding timeline set forth in its FERC-approved Tariff ("PX Tariff") in order to implement a "Day-Of market" schedule on a temporary, experimental basis.

The PX is a nonprofit corporation authorized by FERC order and California electric restructuring legislation and charged with providing a Day-Ahead forward market for Energy in accordance with the PX Tariff. The PX is independent from the ISO and is certified as a Scheduling Coordinator under the ISO Tariff.

In addition to its Day-Ahead market, the PX also provides an Hour-Ahead forward market intended to allow market participants the opportunity to optimize their schedules and reduce real time imbalances as close to dispatch as possible. The PX Tariff currently provides for hourly auctions 24 hours a day wherein market participants can submit bids to increment or decrement their Day-Ahead final schedules. Hour-Ahead market bids are submitted three hours prior to the dispatch hour, after which an Hour-Ahead Market Clearing Price is calculated and revised Day-Ahead schedules are sent to the ISO. The ISO then provides final schedules after running its Congestion Management model and implements the final schedules provided by the PX and other Scheduling Coordinators.

In its January 13, 1999 Transmittal Letter, the PX states that the PX's Hour-Ahead market, which has been in operation since July 30, 1998, has not developed into a robust market for a number of reasons. The PX proposes the temporary and experimental implementation of a "Day-Of market" as an alternative to the PX's Hour-Ahead market in order to improve market efficiencies. Under the PX's proposal, it would implement three daily auctions under which participants could submit bids for a number of hours simultaneously. This proposal would advance the time frame for participants to submit "Hour-Ahead bids" and to run the auction that produces initial preferred schedules which are forwarded to the ISO.

In its January 13 filing, the PX states that it intends to replace its Hour-Ahead market auctions with the "Day-Of market" auctions for three months beginning January 17, 1999.

The PX's filing does not include any proposed revisions to the PX Tariff to implement the "Day-Of market" proposal. The PX states that it will propose any tariff revisions necessary to implement the "Day-Of market" only after it evaluates the results of the three month experiment and determines whether to make the timing changes permanent.

III. BASIS FOR MOTION TO INTERVENE

The ISO is a non-profit public benefit corporation organized under the laws of the State of California and responsible for the reliable operation of a grid comprising the transmission systems of San Diego Gas & Electric Company, Southern California Edison Company, and Pacific Gas and Electric Company. As part of this responsibility, the ISO implements schedules submitted by Scheduling Coordinators certified by the ISO, including the PX. The PX's proposal in the instant proceeding will affect the timing of revised schedules submitted to the ISO. The ISO therefore has an interest in this proceeding which cannot be adequately represented by any other party. Accordingly, the ISO requests that it be permitted to intervene herein with full rights of a party.

At this time, the ISO is not raising any substantive issues with respect to the PX's "Day-Of market" proposal. The ISO notes that issues related to this proposal may arise in this proceeding based on the PX's and/or the ISO's actual experience in implementing this proposal. The ISO therefore reserves the right to modify its pleadings to address any substantive issue arising in this proceeding in the future.

IV. CONCLUSION

Based on the foregoing, the ISO respectfully requests that the Commission permit it to intervene and that it be accorded full party status in this proceeding.

Respectfully submitted,

N. Beth Emery
Vice President and General Counsel
Roger E. Smith, Regulatory Counsel
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-2334
Fax: (916) 351-2350

Edward Berlin
Kenneth G. Jaffe
Sean A. Atkins
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., #300
Washington, D.C. 20007
Tel: (202) 424-7500
Fax: (202) 424-7643

Attorneys for the California Independent System Operator Corporation

Date: February 2, 1999

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 this Docket No. ER99-1262-000, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (1998).

Dated at Washington, D.C. on this 2nd day of February, 1999.

Sean A. Atkins

February 2, 1999

David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: California Power Exchange Corporation
Docket No. ER99-1262-000

Dear Secretary Boergers:

Enclosed for filing is one original and 14 copies of the Motion to Intervene of the California Independent System Operator Corporation in the above-referenced docket. An additional copy of the filing is also enclosed. Please stamp the additional copy with the date and time filed and return it to the messenger.

Thank you for your assistance in this matter.

Respectfully submitted,

Sean A. Atkins

Attorney for the California
Independent System Operator Corporation