

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

California Independent System Operator Corporation))))	Docket Nos. EC96-19-____ and ER96-1663-____
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**SUBMISSION BY
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
OF
REVISED STAGING PLAN NO. 7**

I. INTRODUCTION

In compliance with the Commission's October 30, 1997 order in the above-referenced proceeding,¹ the California Independent System Operator Corporation ("ISO") respectfully submits the ISO's Revised Staging Plan No. 7. Contemporaneous with this submission, a copy of Revised Staging Plan No. 7 will be posted on the ISO's Home Page (www.caiso.com).

II. BACKGROUND

In its July 30, 1997 order, the Commission instructed the ISO to file a staging plan that would indicate when the ISO planned to implement those aspects of the California restructuring proposal that would not be implemented on the ISO Operations Date.² In its subsequent October 30 Order, the Commission directed the ISO to:

¹ *Pacific Gas and Electric Company, et al.*, 81 FERC ¶ 61,122 (October 30, 1997) (hereinafter "October 30 Order").

² *Pacific Gas and Electric Company, et. al.*, 80 FERC ¶ 61,128 at 61,419-20 (July 30, 1997).

file with the Commission quarterly status reports regarding the status of the restructuring implementation, with particular emphasis on any significant changes in operations or timing that are anticipated, and we will respond as necessary. The Commission clarifies that these status reports would be filed to inform the Commission and the parties; we do not intend to notice these reports for public comments.³

Revised Staging Plan Nos. 1, 2, 3, 4, 5 and 6 were filed on November 21, 1997, January 7, 1998, April 6, 1998, July 22, 1998, October 19, 1998 and January 28, 1999 respectively.

Revised Staging Plan No. 4 was submitted in a different and more detailed format than prior staging plans. Whereas Revised Staging Plan Nos. 1 through 3 addressed only a list of 19 items related to the California restructuring proposal that were not implemented prior to the ISO Operations Date, Revised Staging Plan No. 4 included information on an expanded list of 91 work items, including many work items related to efforts to improve the functionality of the ISO's electronic systems and databases. Revised Staging Plan No. 4 therefore included an attached matrix containing the following information: (1) the expanded list of work items, (2) a description of each item, (3) a priority attached to each item, and (4) a target date for implementation of each item. Revised Staging Plans No. 5 and 6 followed the same work item matrix format as Revised Staging Plan No. 4. Each included new work items.

The ISO now submits Revised Staging Plan No. 7. The ISO acknowledges that Revised Staging Plan No. 7 is being filed substantially later than scheduled.⁴ A variety of factors led to the delay.

³ October 30 Order, 81 FERC at 61,444.

⁴ In Staging Plan No. 6, the ISO stated that Staging Plan No. 7 would be filed in April 1999.

In the cover submission to Revised Staging Plan No. 6, the ISO explained that it would undertake a comprehensive review of all work items and their relative priorities. The ISO is still in the midst of this process. This review is critical to ensuring that decisions as to modifications to the ISO's systems reflect budgetary concerns, that scarce resources are focussed on the items of greatest importance and interest, and that the views of market participants are reflected in the prioritization of tasks.

Moreover, as explained in Revised Staging Plan No. 6, this reprioritization process is particularly important in light of the additional software work necessary to implement Phase I of the ISO's comprehensive redesign of its Ancillary Services Market and Firm Transmission Rights.⁵ The ISO had to adjust target release dates in order to accommodate these highly important projects. In addition, the ISO has had to devote significant systems resources to ensuring that ISO systems are Y2K compliant. This task was particularly resource intensive through June 1999, when initial Year 2000 ("Y2K") testing was completed, and continues to require some attention for systems personnel.

As explained below, the ISO is submitting Revised Staging Plan No. 7 in a format more closely modeled on Revised Staging Plan Nos. 1 through 3. The ISO believes that use of this format will avoid the potential for confusion while fully complying with the Commission's October 30 Order. The ISO would welcome a dialogue with the Commission on the appropriate format to submit reports on the status of system projects in the future.

III. REVISED STAGING PLAN NO. 7.

In this staging plan, the ISO is reverting to reporting on the status of items outstanding on the ISO Operations Date (the items addressed in the first three

⁵ See *AES Redondo Beach, L.L.C. et al.*, 87 FERC ¶ 61,208 (1999); *California Independent System Operator Corp.*, 88 FERC ¶ 61,156 (1999).

staging plans). Revised Staging Plan No. 7 also provides information on the most critical system projects related to the Ancillary Services Market Redesign project and implementation of Firm Transmission Rights. The report is appended as Attachment A. The report provides the information necessary to appraise the Commission, the parties to this proceeding, and other stakeholders of the current status of the ISO's implementation plans regarding items covered by the October 30 Order and the systems projects of greatest significance to the development of ISO administered markets.

The ISO is reverting to this approach because it has become apparent that the full work item matrix submitted with the past three staging plans has become both cumbersome and confusing. The matrix submitted with Revised Staging Plan No. 6 listed 130 work items, including work items related to the back-up of ISO databases and display capabilities for ISO systems. Although the work item matrix included cross-references to the original 19 items addressed in the first three staging plans, the inclusion of numerous other work items in which the Commission and market participants have expressed no interest has made the work item matrix needlessly cumbersome and confusing for purposes of providing the quarterly status reports required by the October 30 Order.

Moreover, in attempting to provide accurate information about many items of little general interest, it has become increasingly difficult for the ISO to provide timely information about the items that are of interest. At this time, the ISO is in the process of substantially revising and updating the full work item matrix. Awaiting completion of this process (which in any event will always be ongoing) would just further delay filing of information on items about which the Commission has required quarterly status reports.

As discussed above, the report provided as Attachment A to this filing includes the 19 items related to the California restructuring proposal that were not implemented prior to the ISO Operations Date and significant items related to the Ancillary Services Market Redesign and implementation of Firm Transmission Rights. Attachment A also includes cross-references for these items to the Work Item "ID" numbers from Revised Staging Plan Nos. 4 through 6. The ISO believes this report will provide the Commission and interested parties with the information required by the October 30 Order and information on the status of certain additional important system modifications in a more "user-friendly" manner.

The ISO would welcome a dialogue with the Commission as to the appropriate format for providing updates on the status of systems modifications going forward. While we stand ready to keep the Commission updated on the status of such items, the ISO would like to find a mechanism to achieve this objective in a manner that will provide the Commission with the information it needs, and that is sufficiently consistent with internal ISO tracking mechanisms that updates can be provided in a timely and efficient manner. In addition, to the extent that the items covered by the October 30 Order have been completed or permanently rendered unnecessary or infeasible by market and budgetary developments, the ISO would like to explore whether ongoing filing of Staging Plans is necessary or helpful to the Commission.

IV. CONCLUSION

For the reasons expressed herein, the California Independent System Operator Corporation respectfully submits Revised Staging Plan No. 7.

Respectfully submitted,

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Date: September 3, 1999

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing ISO Revised Staging Plan No. 7 upon each person designated on the official service list compiled by the Secretary in the above-referenced dockets, 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 3rd day of September, 1999.

David B. Rubin
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