

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

<b>California Independent System</b>	)	<b>Docket Nos. ER02-1656-003</b>
<b>Operator Corporation</b>	)	<b>ER02-1656-004</b>
	)	<b>ER02-1656-015</b>

**MOTION FOR EXTENSION OF TIME**

Pursuant to Rules 212 and 2008 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. §§ 385.212, 385.2008, the California Independent System Operator Corporation (“CAISO”) respectfully moves for an extension of the deadline for submitting information on the proposed first year allocation of Congestion Revenue Rights (“CRRs”) pursuant the Commission’s directive in its Further Order on the California Comprehensive Market Redesign Proposal<sup>1</sup> issued on October 22, 2003 in the captioned proceeding. Specifically, the CAISO requests that the Commission permit the CAISO to file the requested CRR allocation information two months prior to submitting the market redesign tariff language rather than three months prior to the tariff filing as previously ordered by the Commission. The CAISO respectfully submits that good cause exists for the extension for the reasons provided herein.

**I. BACKGROUND**

On July 22, 2003, the CAISO submitted for filing with the Commission its Amendment to the Comprehensive Market Design 2002. In its filing, the CAISO

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<sup>1</sup> *California Indep., System Operator Inc.*, 105 FERC ¶ 61,140 (2003).

requested that the Commission grant conceptual approval in its entirety of the amended Comprehensive Market Design Proposal (“MRTU”). The MRTU filing included a proposal to replace the existing path-specific Firm Transmission Rights created for the CAISO’s original zonal congestion management design with “source-to-sink” CRRs appropriate for a Locational Marginal Pricing (“LMP”) congestion management design. As proposed by the CAISO, CRRs would allow market participants to hedge the risk of congestion charges associated with the LMP congestion management design the CAISO is developing.

On October 28, 2003, the Commission issued a Further Order on the California Comprehensive Market Redesign Proposal, which among other things directed the CAISO to complete and publish results of a study of the proposed CRR allocation process. In particular, the Commission required the CAISO to file “detailed information on the proposed first year allocation when it files its proposed tariff instituting the CRR allocation method” and directed the CAISO to “make an initial filing of this allocation information as soon as practicable but at least three months prior to its tariff filing.”<sup>2</sup>

## **II. REQUEST FOR EXTENSION OF TIME**

The CAISO submits that good cause exists for granting the instant motion to allow the CAISO to make its initial CRR allocation filing two months prior to the tariff filing rather than three months. The CAISO intends to file its proposed MRTU tariff language, including tariff language instituting the CRR allocation methodology, on or about November 30, 2005. The CAISO believes that, consistent with the aforementioned directive in the October 28, 2003 Order, the

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<sup>2</sup> *California Indep. Sys. Operator Corp.*, 105 FERC ¶ 61,140 at PP 3 and 172 (2003).

Commission would expect the CAISO to make an initial filing of the CRR allocation information no later than August 30, 2005. However, for the reasons set forth below, the CAISO is unable to make such an informational filing by that date and respectfully requests that the Commission grant the CAISO an extension to the extent that the Commission views August 30, 2005 as the date by which the requested CRR informational filing should be made.

Since the CAISO's MRTU filing on July 22, 2003, the CAISO, along with stakeholders, has continued to develop and consider alternative CRR allocation methodologies. During stakeholder meetings held on May 19, June 22 and July 14, 2005, the CAISO discussed policy issues related to the allocation of CRRs in an effort for the CAISO and its stakeholders to understand better the key concepts, design options and trade-offs affecting the CRR allocation. Also, since April 2005, the CAISO has employed the services of the LECG consulting group to assist it in conducting its CRR Study 2 and developing the proper CRR allocation methodology. Thus far, LECG has provided the CAISO and its stakeholders with preliminary study results (July 18, 2005) and a Draft CRR Study 2 Report (August 1, 2005), and the CAISO has facilitated stakeholder conference calls with LECG to discuss the results of these studies. A final version of the CRR Study 2 Report will be released on August 24, 2005 and will be discussed with stakeholders on August 31, 2005 which is the next scheduled all-day stakeholder meeting on CRRs. The primary objectives of CRR Study 2 are to (1) develop hypothetical allocations of CRRs based on six alternative scenarios and several additional sensitivity analyses, and (2) estimate the

financial values of these hypothetical allocations based on an entire year of hourly simulated LMPs. Although the CAISO anticipates that the CRR Study 2 report will be completed a few days before the August 30, 2005 -- the date by which the Commission requested the filing of the initial CRR allocation results -- the CAISO believes it will be far more valuable and informative for the Commission if the CAISO can discuss the report with stakeholders on August 31, 2005 prior to making the informational filing. That approach will allow additional time for the CAISO to consider stakeholder comments and further analyze and interpret the results before the CAISO makes its initial CRR allocation filing with the Commission.

The CAISO also notes that, on August 18, 2005, the CAISO discussed with stakeholders its straw proposal for the allocation of CRRs to load serving entities ("LSEs") serving load within the CAISO control area. The CAISO intends to continue this discussion with its stakeholders on August 31, 2005, and then to issue a final proposal in mid-September for discussion in meetings with stakeholders scheduled for September 20-22.

In fulfillment of the Commission's directives in the October 28, 2003 Order, the CAISO intends to file for informational purposes a summary description of the empirical CRR studies and their results, as well as the Final CRR Study 2 Report prepared by LECG. Given the CAISO's desire to vet this issue through the stakeholder process and fully analyze the study results and stakeholder comments, the CAISO does not expect to be able to make the requisite initial CRR allocation filing prior to September 30, 2005.

### III. CONCLUSION

For the reasons discussed above, the CAISO respectfully requests that the Commission grant the requested extension of time -- to September 30, 2005 --- for the CAISO to submit the CRR information as requested in the Commission's October 28, 2003 order.

Respectfully submitted,

**/s/ Anthony J. Ivancovich**

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Dated: August 22, 2005



August 22, 2005

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 Nos. ER02-1656-003, ER02-1656-004 and ER02-1656-015**

Dear Secretary Salas:

Enclosed please find an electronic filing of a Motion for Extension of Time of the California Independent System Operator Corporation.

Thank you for your attention to this filing.

Respectfully submitted,

**/s/ Anthony J. Ivancovich**  
Anthony J. Ivancovich

Counsel for the California Independent  
System Operator Corporation

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 22<sup>nd</sup> day of August at Folsom, California.

**/s/ Anthony J. Ivancovich**  
Anthony J. Ivancovich