

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

San Diego Gas & Electric Company,)	
Complainant,)	
)	Docket No. EL00-95-164
)	
v.)	
)	
Sellers of Energy and Ancillary Services)	
Into Markets Operated by the California)	
Independent System Operator and the)	
California Power Exchange,)	
Respondents)	
)	
Investigation of Practices of the California)	Docket No. EL00-98-184
Independent System Operator and the)	
California Power Exchange)	
)	
California Independent System)	Docket No. ER03-746-000
Operator Corporation)	

**JOINT STATUS REPORT OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR AND CALIFORNIA POWER EXCHANGE REGARDING
PREPARATORY RERUN CALCULATION**

Pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure,¹ the California Independent System Operator Corporation (“ISO”) and California Power Exchange (“PX”) submit this joint status report about the resolution of a discrepancy relating to one aspect of their preparatory rerun calculations. As described below, the ISO and PX have identified the source of the discrepancy, and are in the process of correcting it. The PX estimates that the correction, which will result in a credit to the PX’s participants of approximately \$15 million, will be completed and provided to PX market participants for review and

¹ 18 C.F.R. § 385.212 and 18 C.F.R. § 385.213 (2009).

validation before the end of July, 2010. After the review period, in early September, 2010, the PX anticipates filing revised exhibits to its Preparatory Rerun Compliance filing to reflect this correction.

I. Background

On April 16 and May 4, 2010, the ISO and the PX, respectively, made filings with the Commission detailing the impact of the various preparatory rerun adjustments on the balances of participants in their markets, pursuant to the Commission's October 19, 2007 Order on Remand² and its November 20, 2008 Order on Rehearing and Motions for Clarification and Accounting.³ In comments on these filings, the California Parties noted a discrepancy of over \$10 million between the ISO and PX calculations of what the PX owes the ISO market relating to ISO Alternative Dispute Resolution ("ADR") adjustments incorporated into the preparatory rerun.⁴

In their answers to comments, filed on July 6, the ISO and PX agreed that this calculation needs to be reconciled, and agreed to work together to do so. At the time the ISO and PX filed their answers, the source of the discrepancy was not yet clear. However, the ISO and PX stated that they would continue to jointly investigate the discrepancy and update the Commission and parties by July 20 as to the status of their efforts.

² *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services, et al.*, 121 FERC ¶ 61,067 (2007) ("October 19 Order on Remand").

³ *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services, et al.*, 125 FERC ¶ 61,214 (2008) ("November 20 Order on Rehearing").

⁴ California Parties' Comments on Compliance Reports of the California Independent System Operator and the California Power Exchange, Docket Nos. EL00-95, et al. (June 18, 2010) at 22-23.

II. Status Update

Since filing their answers to comments on their preparatory rerun filings, the ISO and PX have investigated further and identified the reasons for the discrepancy between their respective calculations. The primary source of the discrepancy lies in certain charges the ISO assessed to the PX relating to the resolution of one of the ADRs that the ISO incorporated into the preparatory rerun.⁵ The ISO later reversed these charges, but the PX did not receive this reversal and the reversal was not incorporated into the PX's calculations. This resulted in the PX calculating that it owed the ISO markets approximately \$15 million more than its actual liability. The ISO has provided a CD to the PX with the settlement records showing the reversal. The PX will revise its calculations accordingly, which will result in a \$15 million credit to its participants. The PX expects to complete these calculations before the end of July, 2010 at which time the PX will provide updated preparatory rerun adjustment balance data to its market participants. After allowing for a review and validation period by its participants, the PX will file revised exhibits to its Preparatory Rerun Compliance filing to reflect this correction in early September, 2010.

⁵ In addition to the ADR reversals, there are two other entries that were not included in the PX data that result in approximately a \$16,000 charge to the PX. Data on these transactions will also be provided to the PX.

III. Conclusion

The ISO and PX respectfully request that the Commission accept this status report.

Respectfully submitted,

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Dated: July 20, 2010

Certificate of Service

I hereby certify that I have this day served a copy of this document on the electronic listserv established by the Commission for this proceeding.

Dated this 20th day of July, 2010 at Washington, D.C.

/s/ Michael Kunselman
Michael Kunselman