



for transmission service under the ISO Tariff.<sup>3</sup> That methodology provides access at non-pancaked rates based, for deliveries to customers connected to the ISO Controlled Grid, on the transmission revenue requirement of the Participating Transmission Owner in whose Service Area the customer withdraws electricity from the ISO Controlled Grid.

The ISO Tariff also commits the ISO, consistent with California's Electric Industry Restructuring Legislation, A.B. 1890, § 9600(a)(2)(A), to "recommend for adoption by the Federal Energy Regulatory Commission a [new transmission] rate methodology...." by no later than two years after the date of the ISO's initial operation (March 31, 1998). As the Commission recognized in the November 26 and October 30 Orders, the state legislation sets forth alternative processes for the consideration and development of a new transmission Access Charge methodology and has, as an overriding objective, achievement of consensus among Market Participants and California regulators, if possible.

In the November 26 Order, the Commission indicated that the "ISO-recommended rate methodology is to be filed with the Commission at least sixty days before the end of the two-year period."<sup>4</sup> The Commission's objective was to ensure that "any change in rate must be timely filed with the Commission under section 205."<sup>5</sup> This timeline would result

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<sup>3</sup>November 26 Order at 61-826-27; *see also Pacific Gas & Electric Co., et al.*, 81 FERC ¶ 61,122 at 61,500-01 (1997) ("October 30 Order").

<sup>4</sup>November 26 Order at 61,827.

<sup>5</sup>*Id.* at 61,828.

in a filing by January 31, 2000 and implementation of a new Access Charge methodology as early as March 31, 2000.

### **The Stakeholder Process for Development of an Access Charge Methodology**

To involve all stakeholders in the development of an Access Charge methodology, the staff of the ISO issued a request for proposals to the Market Participants in December 1998. Beginning in February 1999, staff conducted a series of workshops, in which participants were invited to develop and share alternative Access Charge proposals. Because of a concern over the potential litigation of this issue, the need to have frank discussions, and the confidential nature of data exchanged, the ISO conducted two parallel processes. One process resulted in the formation of a working group and involved Market Participants were required to execute a Confidentiality Agreement. Such participants then had access to all of the sensitive discussions and information. In a parallel public process, ISO staff apprised all Market Participants, at the monthly Market Issues Forum, of the status of the working group. In an effort to build consensus in that process, the ISO staff developed compromise proposals for consideration by the stakeholders and sought the guidance of the Board on principles that could be applied to the development of an Access Charge methodology. More recently, a cross-sectional Committee of the Board, comprised of two investor-owned utility Board members, two Board members from the publicly-owned utility segment, and two Board members representing end-users, has been working with the ISO staff discussing principles for Access Charge development and analyzing alternative Access Charge proposals.

The issues are complex, the challenges associated with achieving consensus are formidable, but the process is ongoing. It is premature to anticipate that consensus will be achieved; it is certain, however, that the process has clarified the issues and furthered a broader understanding of concerns and objectives.

At a special meeting held on December 22, 1999, the ISO Board laid out a schedule to bring the tariff revision process to a conclusion by the end of January, while accommodating further stakeholder input. Specifically, at a workshop to be held on January 13th, the full Board will meet in Executive Session to discuss rate design principles and details. Immediately thereafter, those principles will be made publicly available, over the next several days implementing tariff language will be developed and shared with stakeholders and, on January 24th, a stakeholder workshop, focused on the preferred principles, will be conducted. At its January 26th meeting, the ISO Board's Grid Reliability/Operations Committee will develop its recommendation to the full Board, aided by the further input received orally and in writing from stakeholders. At that meeting, there will be a further opportunity for public comment. On January 27th, the full Board will endeavor to adopt an Access Charge methodology and implementing tariff language for filing with the Commission.

### **Request for One-Week Extension**

The ISO anticipates that, as a result of the Board discussion and decision, it will be necessary to revise in at least some respects the tariff language and supporting materials that will be filed with the Commission. To accommodate that possibility, and a

procedure designed to maximize consensus building while still meeting the Commission's objective of receiving a timely filing of a new Access Charge methodology, the ISO requests that the date for the filing of its Access Charge tariff proposal be extended for *one week*, from January 31 to February 7, 2000. When it submits the filing, the ISO will not request a shortening of the sixty-day notice period.

### **CONCLUSION**

For the foregoing reasons, the ISO requests a one-week extension of the time for the filing of its Access Charge methodology proposal.

Respectfully submitted,

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## **CERTIFICATE OF SERVICE**

I hereby certify that I have this 28<sup>th</sup> day of December, 1999, served by first-class mail, postage prepaid, a copy of the foregoing upon all parties listed on the service list compiled in these proceedings.

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Edward Berlin