

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF NEVADA**

In Re Application of NEVADA POWER COMPANY, )  
SIERRA PACIFIC POWER COMPANY, and SIERRA ) Docket No. 98-7023  
PACIFIC RESOURCES for approval of agreement )  
and plan of merger. )

**LATE-FILED PETITION FOR LEAVE TO INTERVENE OF THE CALIFORNIA  
INDEPENDENT SYSTEM OPERATOR CORPORATION AND REQUEST FOR  
DESIGNATION OF ADDITIONAL ISSUES**

Pursuant to Rule 703.590 of the Rules of Practice Before the Public Utilities Commission of Nevada ("Commission"), Nevada Administrative Code § 703.590, and the Procedural Order issued on September 17, 1999, in this proceeding, the California Independent System Operator Corporation ("CAISO") hereby petitions to intervene out-of-time in the above-captioned proceeding.

**I.  
COMMUNICATIONS**

Please address communications concerning this filing to the following persons:

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## **II. BACKGROUND**

Pursuant to an Interim Order issued in this docket on June 23, 1999, Sierra Pacific Power Company and Nevada Power Company (“Applicants”) submitted their final proposal for an Independent Scheduling Administrator (“ISA”) for review by the Commission. Applicants filed their final proposal for the “Mountain West ISA” with this Commission and the Federal Energy Regulatory Commission (“FERC”) on July 23, 1999. Subsequent to the filing, the Commission conducted a technical conference on the Mountain West ISA for the purpose of discussing the issues to be addressed at an evidentiary hearing. The September 17, 1999, Procedural Order issued after conclusion of that conference directed interested parties to submit any additional issues that they believe must be addressed. Interested parties are also to file responsive testimony and any supporting documentation to the testimony that will be filed by Applicants.

## **III. BASIS FOR MOTION TO INTERVENE**

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California. It is responsible for the reliable grid operation of several utilities as well as the coordination of the competitive electricity market in California. In addition, the CAISO is the Security Coordinator for California in the Western Systems Coordinating Council (“WSCC”), handling approximately 40% of the WSCC load.

The CAISO is affected by any changes in the transmission grid in the Western Interconnection, and is particularly affected by any changes in contiguous states, including Nevada. Thus, the establishment and operation of an ISA in Nevada will affect the operations of the CAISO Controlled Grid. As a result of its obligation to

operate a contiguous control area and in its role as one of the Security Coordinators of the WSCC, the CAISO needs to assure that the details of the Mountain West proposal will allow the Mountain West ISA to operate reliably in coordination and conjunction with the California markets. The CAISO therefore has a direct and substantial interest in this proceeding.

The CAISO submits that good cause exists to allow this late intervention. The CAISO only learned of the Procedural Order on September 27, 1999. September 27, 1999, was also the deadline specified in the Procedural Order for parties to submit a list of additional issues to be considered in this proceeding. Thus, there was not enough time to prepare a petition for leave to intervene and meet the deadline prescribed in the Procedural Order.

Granting the CAISO's late intervention will not prejudice any party or cause disruption to the proceeding. First, the CAISO agrees to accept the record as developed to date in this proceeding. Second, the Procedural Order states that: (1) the entities that filed the Mountain West ISA are to file testimony and any necessary documentation no later than October 4, 1999, and (2) other interested parties are to file testimony and documentation no later than October 11, 1999. Thus, granting the petition to intervene will not procedurally or substantively advantage the CAISO or prejudice other parties.

The CAISO respectfully requests that the Commission grant its late-filed petition to intervene in this proceeding. The CAISO also states that if its petition is granted, it intends to present evidence in this proceeding.

#### **IV. ADDITIONAL ISSUES**

Since it commenced operations over a year ago, the CAISO has gained experience operating markets that have many features similar to those proposed in the Mountain West filing. This experience, and the CAISO's review of the tariffs recently filed by Mountain West and the Applicants, have led it to conclude that there are several technical issues concerning the Applicants' proposal that should be addressed in the evidentiary hearing. These concerns are listed in Attachment A to this pleading.

The CAISO requests that the concerns listed in Attachment A be designated as "Additional Issues" as described in the Procedural Order. The concerns of the CAISO are grouped into the following general categories:

**1. Interactions between the MWISA and the Nevada Control areas**

This issue relates to the critical communications that must take place at certain times between the ISA market operators and the control area operators to communicate all schedule changes in a manner acceptable to Nevada's and neighboring states' control area operators and to allow the maintenance of transparent market operations.

**2. Scheduling Timelines**

This issue relates to the interaction of the proposed scheduling timeline for Nevada for both the day and hour markets with the Western Scheduling Coordinating Council scheduling rules as well as the management of the market within the time frames proposed. This issue also relates to the ability to coordinate with neighboring control areas.

**3. Real Time Operations**

This issue relates to the management of uninstructed deviations, which may have a significant impact on the operations of the Nevada and neighboring control areas, as well as the establishment of correct pricing signals for the market both in Nevada and in neighboring states.

**4. Ancillary Service Markets**

This issue relates to the operation of the Ancillary Services market in order to avoid the exercise of market power, assuring that sales to two markets are not made from the same physical capacity, the avoidance of gaming by sellers to achieve a more attractive price and the avoidance of discrimination in the purchase of such services.

**5. Firm Transmission Rights**

This issue involves whether proposed Firm Transmission Rights will create a barrier to efficient utilization of transmission capacity, and whether the physical Firm Transmission Rights proposed will generate coordination and scheduling problems given the financial nature of such rights in neighboring markets.

**6. Overall Market Convergence**

This issue relates to how Applicants' proposal will interact with the overall convergence of the market to a common market design.

Attachment A was provided previously to the Applicants in order to assist in their understanding of the technical issues with which the CAISO is concerned. The CAISO is also providing a copy of its intervention in the Applicants' filing before the Federal Energy Regulatory Commission as Attachment B to this pleading.

**V.  
CONCLUSION**

Wherefore, for the foregoing reasons, the CAISO respectfully requests: (i) that the Commission permit it to intervene out-of-time, (ii) that it be accorded full party status in this proceeding, and (iii) that the Commission designate the issues listed in Attachment A as Additional Issues in this proceeding.

Respectfully submitted,

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September 29, 1999

**PROOF OF SERVICE**

I hereby certify that I have this day served the foregoing Late-Filed Petition for Leave to Intervene and Request for Designation of Additional Issues in Docket No. 98-7023, upon all Parties of Record in the proceeding as follows:

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