

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

TransAlta Energy Marketing (U.S.) Inc.) Docket No. EL03-176-000
and TransAlta Energy Marketing)
(California) Inc.)

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO MOTION TO DISMISS SHOW CAUSE PROCEEDING**

On August 29, 2003, Commission Trial Staff (“Staff”) filed a Motion To Dismiss Show Cause Proceeding (“Motion”), in resolution of all issues related to TransAlta Energy Marketing (U.S.) Inc. and TransAlta Energy Marketing (California) Inc. (jointly “TransAlta”) set for hearing in *American Electric Power Service Corp., et al.*, 103 FERC ¶ 61,345 (2003) (“the Gaming Show Cause Order” or “Order”). Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213, and to the Commission’s “Notice of Extension of Time” in this docket, dated September 8, 2003, the California Independent System Operator Corporation (“CAISO”) timely submits this answer to the Motion.

I. Background

The Gaming Show Cause Order required TransAlta to show cause why it should not be found to have engaged in Circular Scheduling, as that practice was described in the Order. In the Motion, Staff requested that TransAlta be dismissed from the Show Cause proceeding established by the

Order, that this docket be terminated, and that TransAlta be relieved from further obligation with respect to this docket. In addition to the Circular Scheduling practice, the Motion also discussed, and suggested there is no basis for proceeding further on, the practices of Counterflow, Cut Schedules, and Wheel Out.

II. Discussion

The CAISO does not object to relieving TransAlta from further obligation to respond on the issues of Circular Scheduling, Counterflow, Cut Schedules, or Wheel Out.¹

While the CAISO does not object to relieving TransAlta of further obligation to respond, the CAISO does not believe it would be appropriate to close the docket or to relieve TransAlta of all further obligations. Rather, the docket should remain open until the consolidated proceedings have been concluded, and TransAlta should remain a party and subject to discovery if it has information relevant to potential gaming by other parties. There would be no prejudice to TransAlta, and it would serve the interests of efficiency, especially in

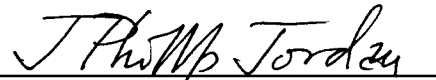
¹ The Motion, at paragraph 2.3, refers to the CAISO as having "asserted that TransAlta engaged in" the practices of Counterflow and Wheel-Out. Referring to the CAISO's series of reports on the Enron trading strategies, or its data provided to Identified Entities and filed with the Commission in mid-July 2003, as "asserting" that any specific party in fact engaged in any specific strategy, is to mischaracterize the reports and the data. As the CAISO noted in the reports and has noted in other forums, the CAISO's analyses and reports were screening efforts, intended to identify transactions meriting explanation by the participants or further investigation by parties with the benefit of compulsory process. The screens were in some respects over-inclusive, but the ISO's investigation in other respects may have been under-inclusive. *See, e.g., "Supplemental Analysis of Trading and Scheduling Strategies Described in Enron Memos," Submitted to Federal Energy Regulatory Commission Staff in Response to Final Report on Price Manipulation in The Western Market by the Department of Market Analysis, California ISO, June 2003, at 3-4.*

light of the short discovery periods in these proceedings, to avoid the cumbersome process of obtaining discovery from a non-party.

III. Conclusion

The CAISO does not object to relieving TransAlta of further obligation to respond to the Gaming Show Cause Order. However, the docket should remain open and TransAlta should remain subject to discovery as a party.

Respectfully submitted,



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Dated: September 30, 2003

CERTIFICATE OF SERVICE

In accordance with the order issued by the Presiding Administrative Law Judge I hereby certify that I have this day served the foregoing document by posting an electronic copy on the Listserv for this proceeding, as maintained by the Commission.

Dated at Washington, DC, on this 30th day of September, 2003.


J. Phillip Jordan