

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System
Operator Corporation

Docket Nos. ER02-1656-017
ER02-1656-018

NOTICE OF AGENDA OF STAFF TECHNICAL CONFERENCE

(February 27, 2004)

As announced in the Notice of Technical Conference issued on February 6, 2004, the Commission Staff will convene a technical conference on March 3-5, 2004 in San Francisco, California, to discuss with state representatives and market participants in California various substantive issues related to the California Independent System Operator's (CAISO) Revised MD02 proposal, including the flexible offer obligation proposal, the residual unit commitment process, pricing for constrained-output generators, marginal losses, ancillary services, and market power mitigation issues.

The conference will focus on the issue areas identified in the agenda, which is appended to this Notice. With respect to the issues on the conference agenda, which were previously discussed at the January 28-29, 2004 technical conference, the CAISO is expected to present its proposals, as filed on February 24, 2004 in the above-captioned dockets. The CAISO's presentations will be followed by an open discussion amongst all participants. The discussion of the topics related to the market power mitigation issues will begin with a short presentation by the Commission Staff to frame the issue, followed by an open discussion amongst all participants. Participants are encouraged to be prepared to discuss the issues substantively.

For more information about the conference, please contact: Olga Kolotushkina at (202) 502-6024 or at olga.kolotushkina@ferc.gov.

Linda Mitry
Acting Secretary

Agenda for March 3-5 Staff Technical Conference

Wednesday, March 3

Flexible Offer Obligation (FOO)

- Whether FOO should be a temporary or permanent feature of the CAISO market
- Design of a FOO waiver process
- Issues related to gaming opportunities under FOO
- Who the obligated party is under FOO: the Scheduling Coordinator, the generator, or the buyer
- Application to MSS operators and municipals

Residual Unit Commitment (RUC)

- Obligations of the sellers of RUC capacity and whether those obligations are sufficient to meet the CAISO's reliability needs
- Treatment of imports and exports in RUC
- Locational aspects of RUC, e.g., payment, area determination
- Appropriate compensation for RUC providers and how should the cost of RUC be allocated
- Appropriateness of netting availability payments, start-up and minimum load costs

Thursday, March 4

Hour-Ahead Market (HA)

- Possible modifications to HA market
- Whether the CAISO should eliminate the HA settlement

Ancillary Services (A/S)

- How the ISO will treat RUC capacity as opposed to A/S capacity when dispatching for energy
- Self-provision of A/S: notification and possible penalties

Constrained Output Generators (COG)

- Whether COGs should set market clearing price

Marginal Losses

- Allocation of overcollected revenues

Market Power Mitigation

Staff will discuss two potential approaches to complement the CAISO's mitigation proposal and help ensure a healthy long-term wholesale electricity market:

1. Reserve Shortage Pricing
2. Locational Capacity Requirements

Staff will discuss these approaches in the context of the CAISO's proposal to mitigate bids.

Process and Next Steps