

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

California Independent System Operator Corporation ) Docket Nos. ER02-1656-009,  
Corporation ) ER02-1656-010,  
) and ER02-1656-011

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM  
OPERATOR CORPORATION FOR EXTENSION OF TIME  
TO MAKE COMPLIANCE FILING**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.212, the California Independent System Operator Corporation (“ISO”) <sup>1</sup> respectfully requests an extension in the time permitted to make its filing in compliance with the Commission’s November 27, 2002 order in this proceeding. <sup>2</sup>

**I. Background**

In an order issued on December 19, 2001, the Commission directed the ISO “to file by May 1, 2002 its revised congestion management proposal and a plan for

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<sup>1</sup> Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A, as filed August 15, 1997, and subsequently revised.

<sup>2</sup> *California Independent System Operator Corp., et al.*, 101 FERC ¶ 61,266 (2002) (“November 27 Order”).

implementation of a day-ahead market.”<sup>3</sup> On May 1, 2002, the ISO filed the first part of its comprehensive Market Design 2002 proposal, or “MD02” proposal, with the intention of following the direction of the December 19 Order and addressing known deficiencies in the ISO’s existing market design (“May 1 Filing”). The ISO divided the elements of its redesign into three phases, reflecting the timing in which each element of the proposal would be implemented.

The Commission issued an order on the May 1 Filing on July 17, 2002.<sup>4</sup> In this order, the Commission accepted, rejected, and modified various elements of the May 1 Filing. After ruling on the Phase I design elements, the Commission directed the ISO to hold Technical Conferences with stakeholders to refine and develop further its Phase II and III design elements. July 17 Order at ¶ 3.

At the Commission-sponsored Technical Conference in San Francisco on August 13-14, 2002, the ISO advised Market Participants and Commission Staff of the status of MD02 implementation. At this conference the timeline for implementing MD02 Phases II and III, and the specific market design elements that might be implemented in each Phase, were discussed extensively. As part of the discussions, and at the direction of Commission Staff, the ISO investigated whether it could accelerate implementing a forward energy market and subsequently indicated that it would be possible by January 31, 2003 to implement a “Phase II Lite” concept, including an hourly, Day-Ahead energy market on a zonal basis (by eliminating the balanced schedule requirement and the

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<sup>3</sup> *San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services into Markets Operated by the California Independent System Operator Corporation and the California Power Exchange, et al.*, 97 FERC ¶ 61,275 (2001) (“December 19 Order”) at 62,257.

<sup>4</sup> *California Independent System Operator Corporation, et al.*, 100 FERC ¶ 61,060 (2002) (“July 17 Order”).

market separation rule), and move the Hour-Ahead market closer to real time. The ISO did not advocate adopting Phase II Lite, however.

In an Order issued on October 11, 2002,<sup>5</sup> the Commission directed the ISO to implement Phase II Lite by January 31, 2003. October 11 Order at ¶ 85.

On November 8, the ISO requested rehearing of the October 11 Order. Among other issues the ISO raised in the Request for Rehearing was the date by which Phase II Lite could be implemented, together with the desirability of implementing it at any time.

In the November 27 Order, the Commission acknowledged the concerns about implementing Phase II Lite that the ISO had raised in its Request for Rehearing, and ruled that the ISO was no longer required to implement Phase II Lite by January 31, 2003. November 27 Order at ¶ 7. Instead, the Commission directed the ISO to file “a full implementation plan” regarding the elements of MD02, including the timeline for rollout of the various design elements, the software required at each step along the way, the vendor to provide such software, and an account of the costs involved in software and hardware development. *Id.* at ¶ 8. The Commission ordered the ISO to file the implementation plan by January 6, 2003 and to provide updates on the plan on a monthly basis thereafter. *Id.* at ¶ 9.

At the ISO’s request, a technical conference was held on December 9, 2002 “to assess the progress of the Stakeholder Working Groups, and to facilitate continued discussions between the CAISO and stakeholders regarding the development of the remaining elements of the CAISO market redesign and to identify related

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<sup>5</sup> *California Independent System Operator Corporation, et al.*, 101 FERC ¶ 61,061 (2002) (“October 11 Order”).

implementation issues.” *California Independent System Operator Corp* , “Notice of Technical Conference,” November 8, 2002.

## II. Request for Extension of Time

The ISO greatly appreciates the accommodation made by the Commission in removing the requirement for the ISO to file Phase II Lite by January 31, 2003. Moreover, the ISO is anxious to provide the Commission with the information required in the form of the MD02 full implementation plan. The ISO is aware that such a plan would be a useful tool both to the Commission and to stakeholders involved in the MD02 process. Nonetheless, due to the press of other vital business, the intervening holiday season, the need to reflect consultations with other ISOs, the need to take into account additional issues that were raised and existing issues that were modified as a result of the December Technical Conference, as well as the need to address additional requirements from the December Technical Conference beyond those set forth in the November 27<sup>th</sup> Order, the ISO will not be able to comply with the Commission's direction to file a full implementation plan and the additional reporting requirements imposed on the ISO at the December Technical Conference by January 6.

Therefore, the ISO requests a limited extension of time to file the full implementation plan as directed in the November 27 Order. The ISO requests that it be permitted to make this filing on January 10, 2003, four days later than required by the

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<sup>6</sup> Although, as the Commission notes in the November 27 Order at n. 8, the ISO does brief its Board of Governors regarding the status of MD02 implementation on a monthly basis, this briefing does not lend itself to filing with the Commission, as it takes the form of an oral presentation supported by bullet point slides. Moreover, the information provided to the Board of Governors is in the nature of an overview, and does not include the level of detail the Commission has directed the ISO to provide in the full implementation plan.

November 27 Order. This should allow the filing to meet all of the requirements set forth by the Commission in its November 27 Order and at the Technical Conference.

### III. Conclusion

For these reasons, the ISO requests that the Commission grant an extension of time, as discussed above, to make the filing required to comply with the November 27 Order.

Respectfully submitted,

/s/ **Julia Moore**

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Dated: January 3, 2003

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above captioned dockets.

Dated at Washington, DC, on this 3<sup>rd</sup> day of January, 2003.

/s/ **Julia Moore**  
Julia Moore

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