

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System
Operator Corporation

Docket No. ER02-1656-017

NOTICE OF TECHNICAL CONFERENCE

(December 16, 2003)

The Federal Energy Regulatory Commission is convening a technical conference regarding the California Independent System Operator Corporation (CAISO) Revised Comprehensive Market Design Proposal 2002 (MD02), pursuant to its Order issued on October 28, 2003,¹ to further facilitate and better understand several aspects of the proposed MD02. The conference will be held on January 28-29, 2004, at the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC beginning at 9:00 a.m. in a room to be announced at a later date.

The conference will focus on the flexible offer obligation proposal, the residual unit commitment process, pricing for constrained-output generators, marginal losses, and ancillary services. Participants are requested to restrict their contributions to this conference to these and other market efficiency issues not related to the mitigation of market power. Market Power Mitigation will be the focus of a second technical conference proposed to be held in early March 2004.

In the October 28 Order, the Commission also sought additional information and explanation from the CAISO in relation to certain elements of the MD02 proposal. Concurrently with this Notice the Commission Staff requests certain supplemental information from the CAISO to further clarify issues relating to certain aspects of the MD02 proposal, and to prepare for the March 2004 second technical conference. The dates by which the CAISO will be required to file information with the Commission are set out in a timetable in the Attachment to this Notice.

Interested participants are also invited to submit information and comments arising from the October 28 Order, the technical conference held in California on November 6, 2003, and from the additional information that will be submitted by the CAISO. Participants are also requested to submit information and comments to the Commission by the due dates listed in the timetable in the Attachment.

¹ California Independent System Operator Corporation, 105 FERC ¶ 61,140 (2003) (October 28 Order).

A second technical conference will be held in early March 2004 to finalize the outstanding issues relating to implementation of MD02, particularly the design of measures for the mitigation of market power, including local market power mitigation and treatment of imports. A separate notice of technical conference will be issued by the Commission in early February 2004 announcing the date and location of the second technical conference, and a final agenda.

The conference is open for the public to attend, and registration is not required. For more information about the conference, please contact: Olga Kolotushkina at (202) 502-6024 or at olga.kolotushkina@ferc.gov.

Magalie R. Salas
Secretary

Attachment

TIMETABLE FOR SUBMISSIONS**1. Information on Market Issues to be filed by the CAISO – by January 7, 2004**

Pursuant to the October 28 Order, the Commission requests that the CAISO clarify the following issues by January 7, 2004, so that interested participants may both respond and better prepare for discussions at the MD02 Technical Conference to be held on January 28-29, 2004.

- Clarification of the CAISO's approach to allocation of marginal losses – refer to ¶ 78 of the October 28 Order.
- Revised pricing mechanism for setting prices for constrained output generators in the forward market – refer to ¶ 89 of the October 28 Order.
- Further clarification of the statement by the CAISO that it “does not prohibit energy from capacity committed in the day-ahead RUC from being sold by the unit owner via any bilateral transaction in the hour-ahead market, including sales to other Control Areas” – refer to ¶ 123 of the October 28 Order.
- Additional clarification on the CAISO's concern that a purchase of only capacity may undermine incentive to imports to acquire transmission capacity across ties as part of the residual unit commitment process – refer to ¶ 127 of the October 28 Order.

2. Information on Market Issues to be filed by Other Participants – by January 14, 2004*

Participants are invited to file reply comments by Wednesday, January 14, 2004, in response to:

- the CAISO's submission under item 1 above;
- any other market issues, other than market power mitigation, raised in the October 28 Order; and

- the discussions relating to market issues, other than market power mitigation, that occurred at the November 6, 2003 Technical Conference held in California.

*** The Commission requests that submissions be limited to market issues other than market power mitigation measures.** Market power mitigation and resource adequacy issues will be the focus of the second Technical Conference to be held in early March. The Commission will issue a formal notice announcing the second conference in early February.

- 3. Information requested from CAISO under request issued on December 16, 2003 – by January 12, 2004**
- 4. Comments of Other Participants in response to information submitted by the CAISO under Data Request – anticipated date January 26, 2004**

Formal notice inviting comments from interested participants relating to CAISO's submission pursuant to the Data Request will be published by the Commission as soon as practicable after the CAISO has submitted the requested information. It is anticipated that the date by which such comments should be filed will be January 26, 2004. This will be specified in the notice.