

[REDACTED VERSION FOR PUBLIC RELEASE]

July 11, 2001

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: **San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange**
Docket Nos. EL00-95-000, et al.
Filing with Request for Confidential Treatment

Dear Secretary Boergers:

Enclosed for filing please find an original and fourteen copies of the California Independent System Operator Corporation's Market Monitoring Report, prepared on July 5, 2001 pursuant to the Commission's April 26, 2001 Order in the above-captioned dockets. This report provides a summary of anti-competitive bidding practices in the ISO's real-time energy markets during the week of June 20th through June 27th, 2001. Also enclosed is a compact disc which contains bid and outage data on individual Generating Units.

Because it contains information based on suppliers' bids and costs, the ISO is requesting confidential treatment for this filing, pursuant to 18 C.F.R. § 388.112 (2000). The ISO believes that such treatment is appropriate consistent with the Commission's June 19 Order on Rehearing in the above-captioned dockets, in which the Commission clarified that the ISO is required to treat all such cost information in a confidential manner. Therefore, in accordance with 18 C.F.R. § 388.112, an original of the document, along with a key which links the

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names of the suppliers with the code numbers assigned to them in the body of the report, and the compact disc containing bid and outage data, have been enclosed in a separate envelope and labeled "Contains Privileged Information – Do Not Release."

Also enclosed are two extra copies of this filing to be stamped with the date and time and returned to the messenger. Please contact the undersigned if you have any questions concerning this filing. Thank you for your assistance in this matter.

Respectfully submitted,

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Attorney for the California Independent
System Operator Corporation



CALIFORNIA ISO

Market Monitoring Report

*Prepared by the Department of Market Analysis
California Independent System Operator
July 5, 2001*

Summary

This report provides a summary of anti-competitive bidding practices in the ISO's real time energy market over the week of June 20th through June 27th, the first week of the Market Power Mitigation and Monitoring Plan established by the Federal Energy Regulatory Commission's June 19 Order.¹

This report, like the Market Monitoring Report prepared on June 20, 2001, and filed with the Commission on June 25, 2001 ("Initial Report"), focuses on the most direct and identifiable form of anti-competitive behavior within the ISO system: bidding of thermal capacity into the real time market at prices in excess of operating costs (economic withholding).

The analysis shows that the instances of bidding in excess of operating costs have declined significantly since the last report. However, one supplier in particular continues to bid significantly in excess of its operating costs.²

The following charts provide information on bidding behavior as well as real time prices for the week of June 20 through June 27th. Included with this report are files on compact disc containing hourly bidding and outage data, and information on capacity not bid into the ISO's markets. The files are separated into the periods of May 28 through June 19th, covered by the Initial Report and June 20th through June 27th, the period covered by this report.

¹ Order on Rehearing of Monitoring and Mitigation Plan for the California Wholesale Electric Markets, Establishing West-Wide Mitigation, and Establishing Settlement Conference; Docket Nos. EL00-95-000.

² Supplier Codes are the same as the codes used in the Initial Report.

**Figure 1. Real Time Energy Bid Prices vs. Costs
June 20-27, 2001**

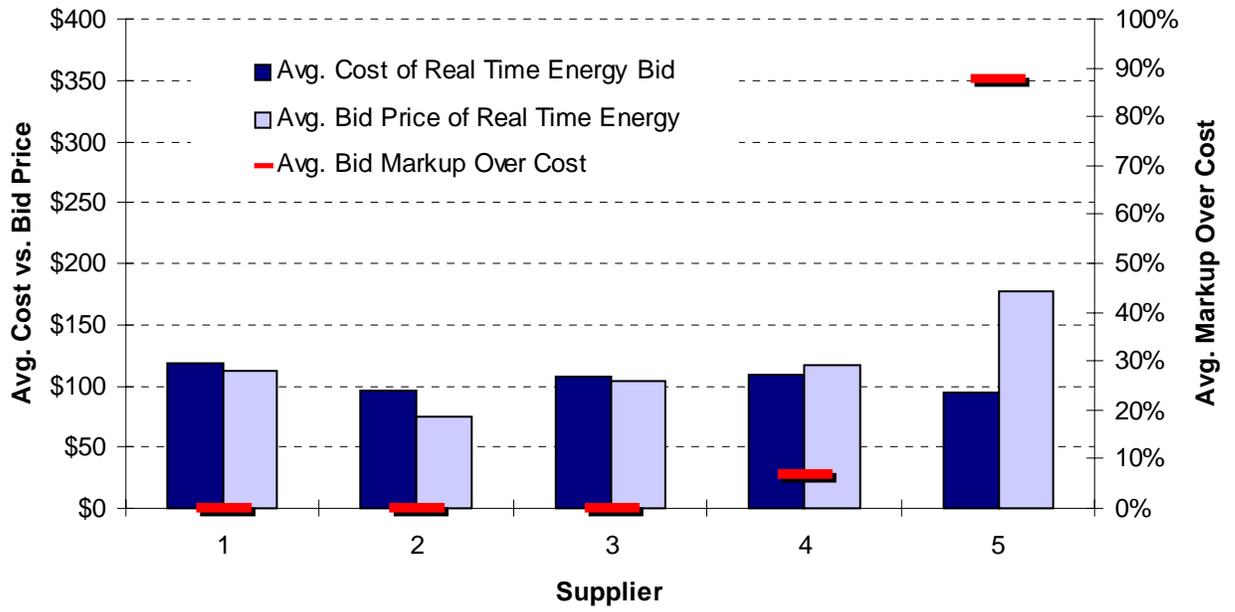


Figure 2. Hourly Real Time Imbalance Energy Dispatches and Ex-Post MCP (BEEP)

June 20-27, 2001

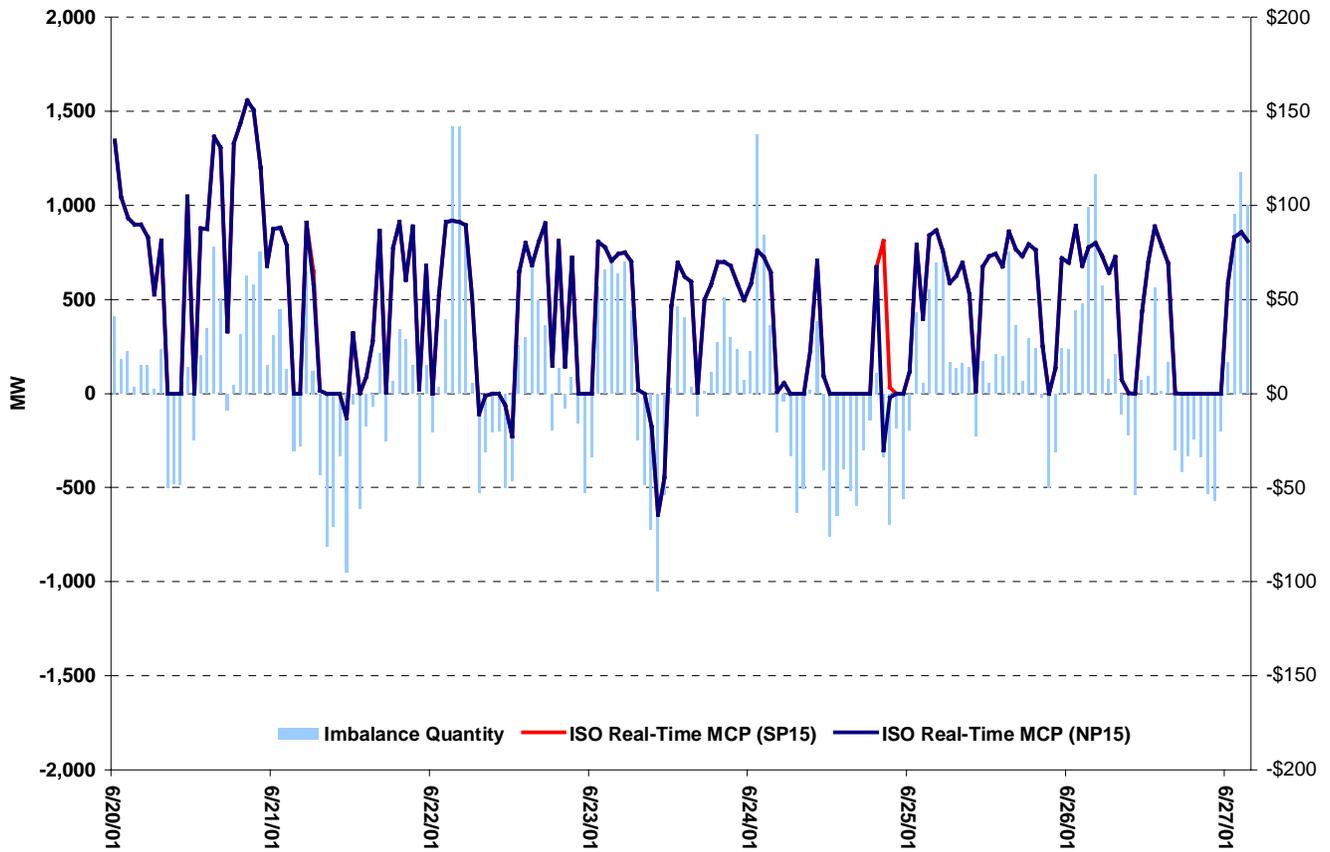
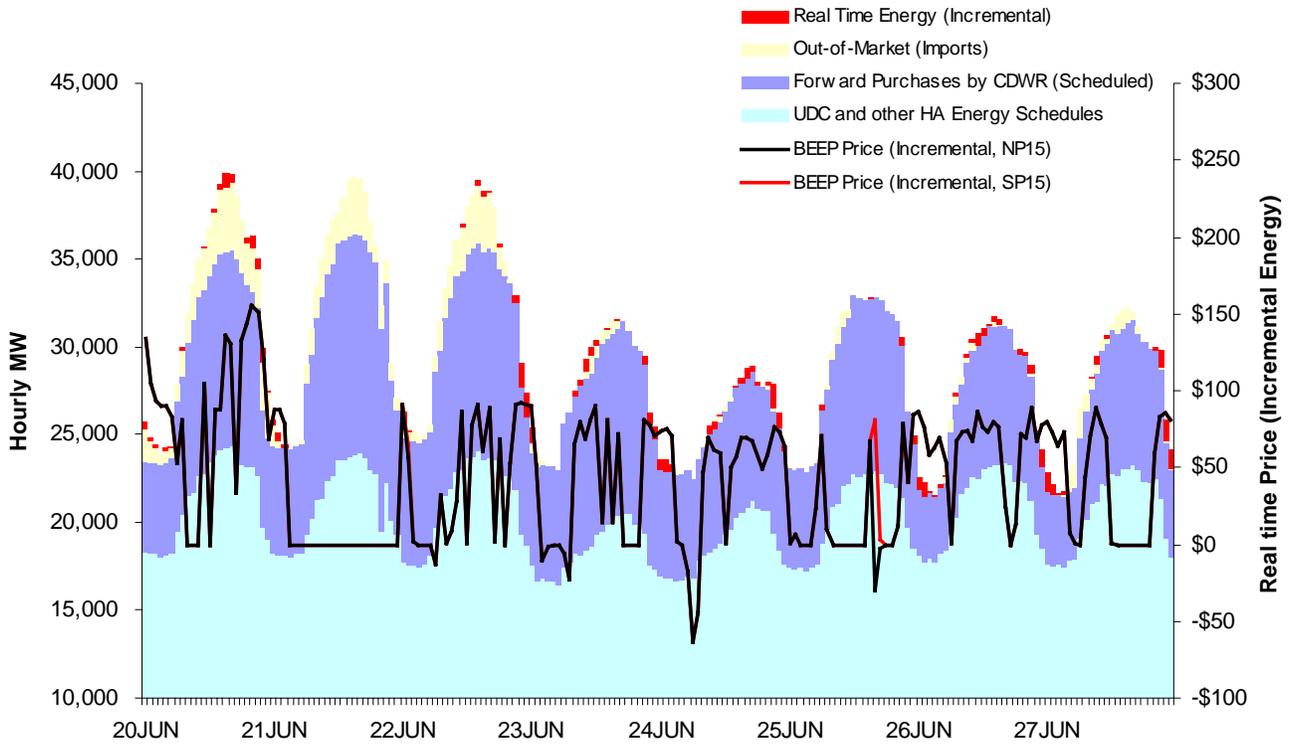
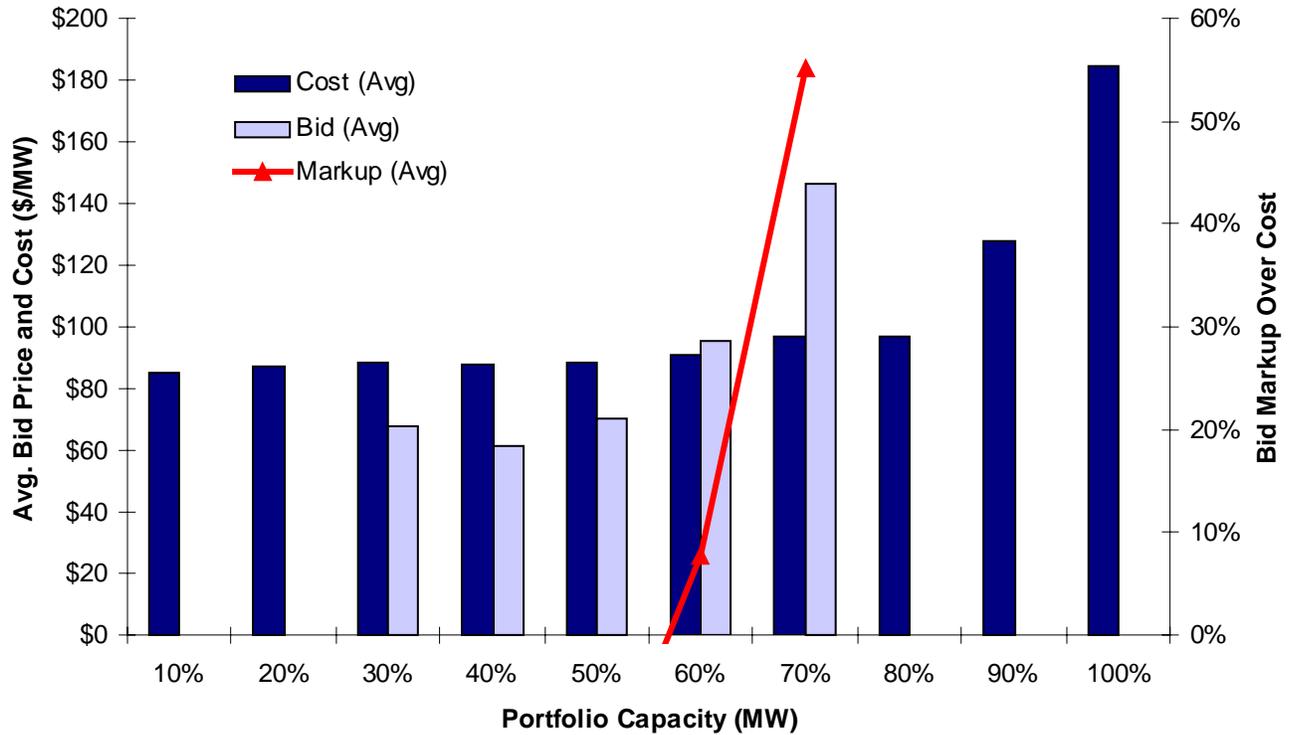


Figure 3. Hourly Energy Schedules and Sources of Real Time Energy (June 20-27)

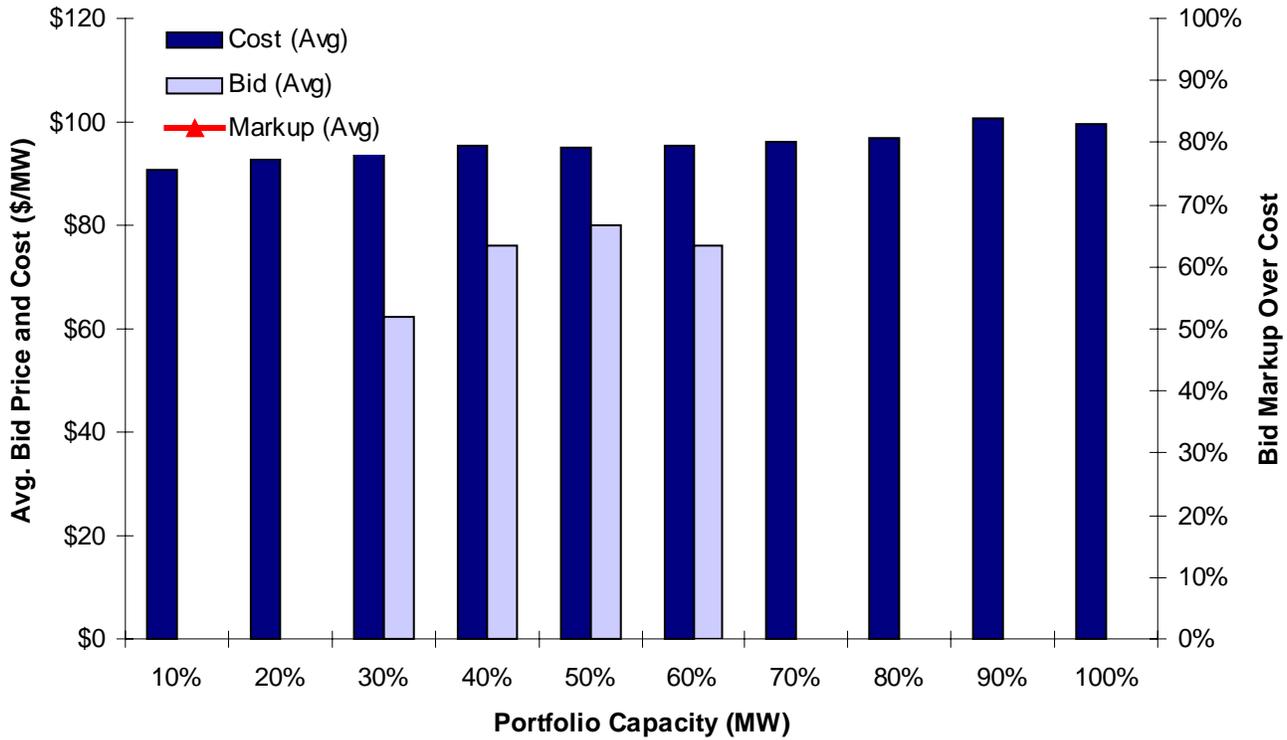


**Figure 4. Real Time Bid Prices and Costs (June 20-27, 2001)
Supplier 1**



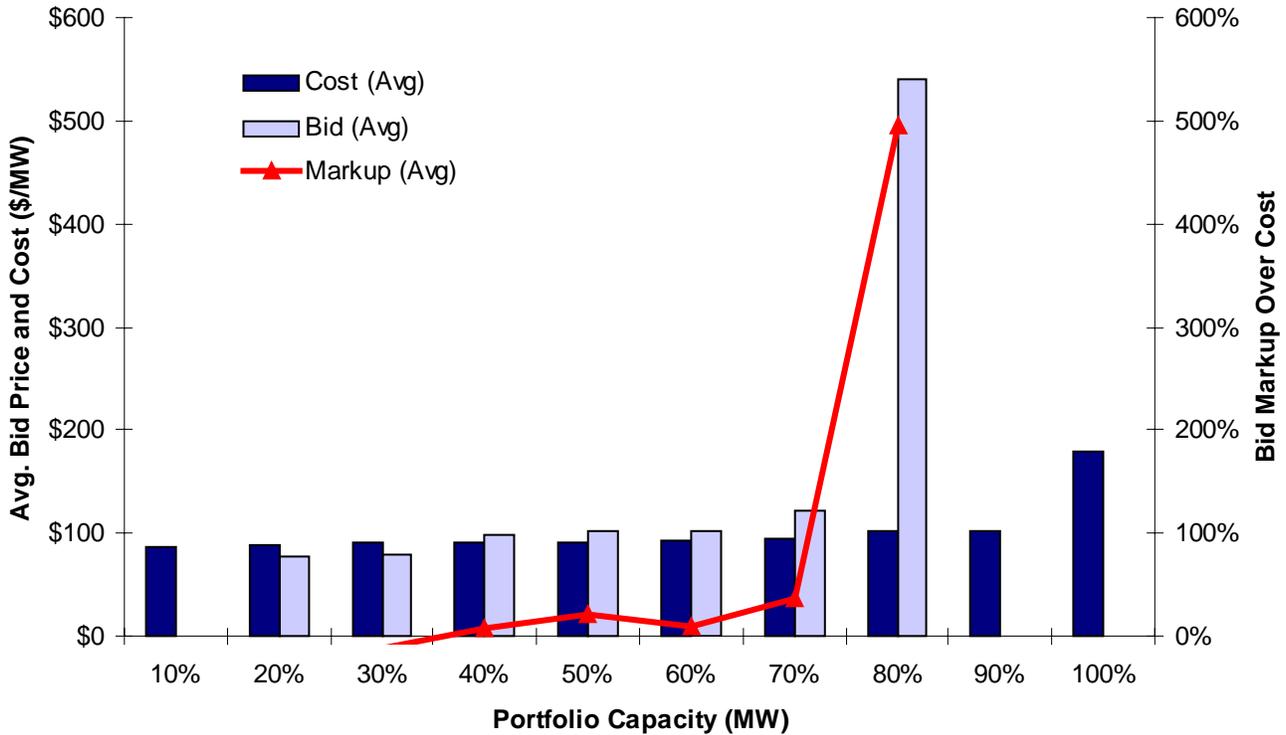
	Percentile of Total Portfolio Capacity										Avg.
	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
Cost (Avg)	\$85	\$87	\$88	\$88	\$88	\$91	\$97	\$97	\$128	\$184	\$119
Bid (Avg)			\$68	\$61	\$70	\$96	\$146				\$112
Markup (Avg)			-24%	-32%	-17%	8%	55%				0%
Markup (Min)			-38%	-46%	-48%	-42%	-52%				
Markup (Max)			-19%	-18%	90%	207%	301%				
Status Code Summary											
Scheduled Energy (DA/HA)	78%	85%	82%	74%	59%	36%	0%	0%	0%	0%	0%
Upward Regulation	14%	6%	7%	4%	3%	0%	0%	0%	0%	0%	0%
Bid as Real Time Energy	0%	0%	2%	14%	30%	54%	74%	0%	0%	0%	0%
Available/Not Bid	8%	8%	8%	8%	8%	9%	26%	98%	32%	0%	0%
Scheduled Outages	0%	0%	0%	0%	0%	0%	0%	0%	20%	0%	0%
Forced Outages	0%	0%	0%	0%	0%	0%	0%	2%	48%	100%	100%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Figure 5. Real Time Bid Prices and Costs (June 20-27, 2001)
Supplier 2**



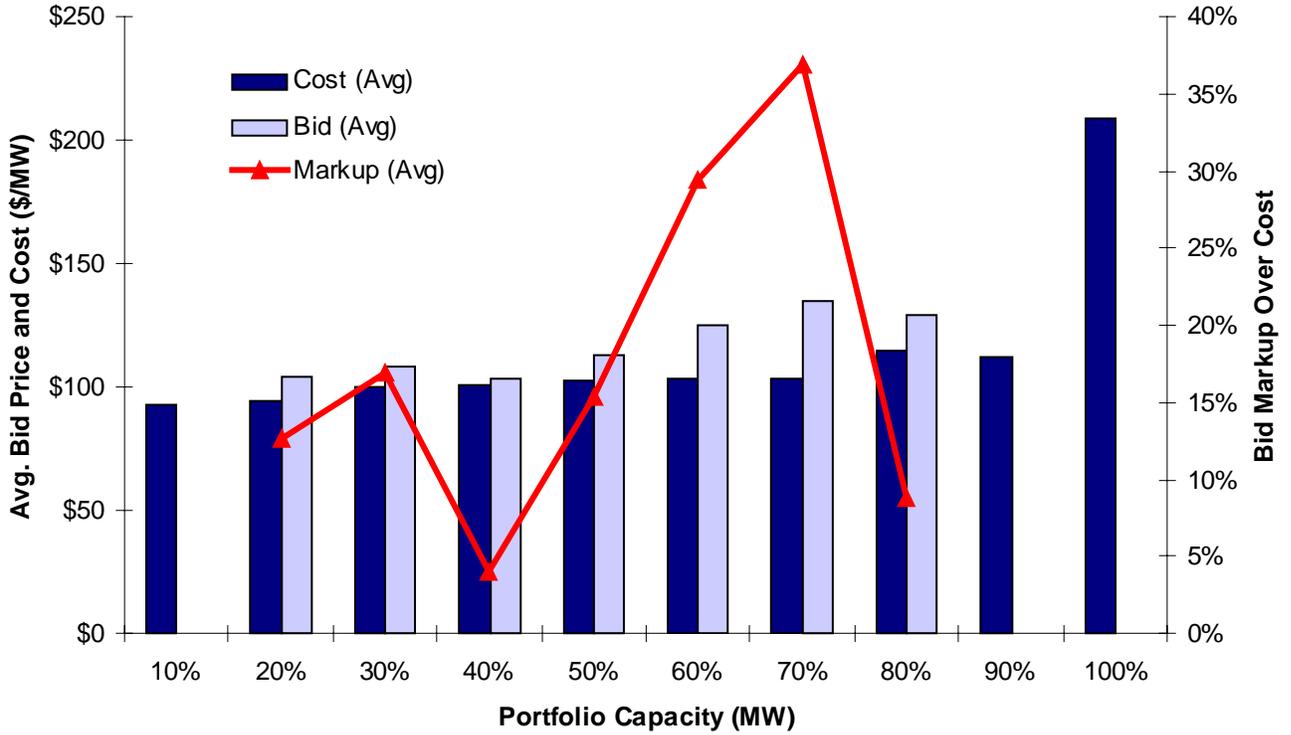
	Percentile of Total Portfolio Capacity										Avg.
	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
Cost (Avg)	\$91	\$93	\$95	\$96	\$95	\$95	\$96	\$97	\$101	\$100	\$96
Bid (Avg)			\$62	\$76	\$80	\$76					\$75
Markup (Avg)			-34%	-21%	-24%	-15%					0%
Markup (Min)			-43%	-22%	-24%	-34%					
Markup (Max)			-26%	-19%	-24%	10%					
Status Code Summary											
Scheduled Energy (DA/HA)	92%	92%	88%	83%	83%	73%	42%	32%	22%	0%	
Upward Regulation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Bid as Real Time Energy	0%	0%	1%	2%	1%	2%	0%	0%	0%	0%	
Available/Not Bid	8%	8%	11%	15%	16%	24%	58%	68%	73%	0%	
Scheduled Outages	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	
Forced Outages	0%	0%	0%	0%	0%	0%	0%	0%	4%	100%	
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

**Figure 6. Real Time Bid Prices and Costs (June 20-27, 2001)
Supplier 3**



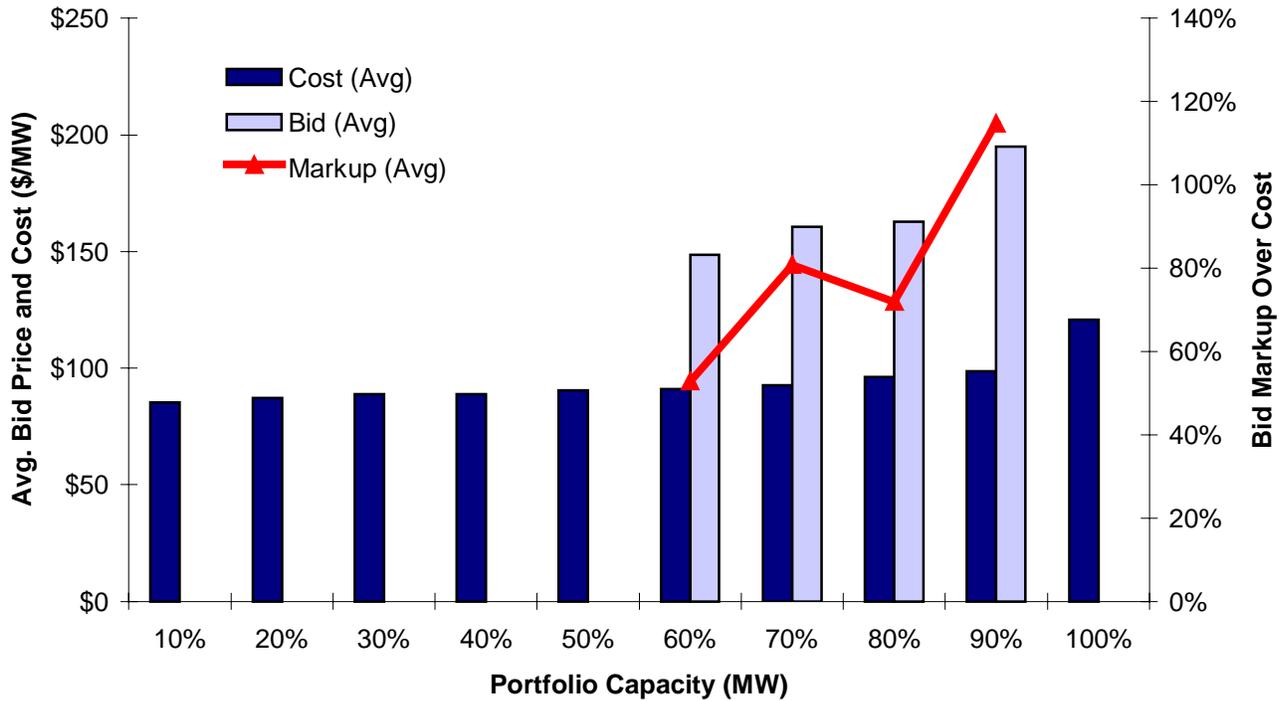
	Percentile of Total Portfolio Capacity										
	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Avg.
Cost (Avg)	\$86	\$88	\$91	\$91	\$91	\$92	\$94	\$103	\$101	\$180	\$107
Bid (Avg)	0%	\$78	\$79	\$98	\$102	\$103	\$121	\$540			\$104
Markup (Avg)		-11%	-12%	8%	20%	9%	37%	496%			0%
Markup (Min)		-44%	-37%	-32%	-26%	-25%	-20%	41%			
Markup (Max)		98%	68%	74%	121%	165%	229%	2656%			
Status Code Summary											
Scheduled Energy (DA/HA)	82%	70%	49%	51%	51%	15%	0%	0%	0%	0%	0%
Upward Regulation	9%	2%	2%	1%	0%	0%	0%	0%	0%	0%	0%
Bid as Real Time Energy	0%	20%	39%	33%	17%	43%	30%	8%	0%	0%	0%
Available/Not Bid	8%	9%	10%	16%	32%	42%	65%	17%	13%	7%	7%
Scheduled Outages	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%
Forced Outages	0%	0%	0%	0%	0%	0%	2%	76%	87%	93%	93%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Figure 7. Real Time Bid Prices and Costs (June 20-27, 2001)
Supplier 4**



	Percentile of Total Portfolio Capacity										Avg.
	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	
Cost (Avg)	\$93	\$94	\$100	\$101	\$103	\$103	\$103	\$115	\$112	\$209	\$109
Bid (Avg)		\$104	\$108	\$103	\$113	\$125	\$135	\$129			\$117
Markup (Avg)		13%	17%	4%	15%	29%	37%	9%			7%
Markup (Min)		-22%	-23%	-31%	-23%	-21%	-7%	-12%			
Markup (Max)		103%	126%	124%	234%	256%	254%	73%			
Status Code Summary											
Scheduled Energy (DA/HA)	92%	59%	49%	20%	0%	0%	0%	0%	0%	0%	0%
Upward Regulation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Bid as Real Time Energy	0%	32%	42%	71%	91%	91%	81%	40%	0%	0%	0%
Available/Not Bid	8%	9%	9%	9%	9%	9%	15%	52%	0%	0%	0%
Scheduled Outages	0%	0%	0%	0%	0%	0%	4%	8%	19%	0%	0%
Forced Outages	0%	0%	0%	0%	0%	0%	0%	0%	81%	100%	100%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Figure 8. Real Time Bid Prices and Costs (June 20-27, 2001)
Supplier 5**



	Percentile of Total Portfolio Capacity										
	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Avg.
Cost (Avg)	\$85	\$87	\$89	\$89	\$90	\$91	\$93	\$96	\$99	\$121	\$94
Bid (Avg)						\$149	\$161	\$163	\$195		\$178
Markup (Avg)						53%	81%	72%	115%		88%
Markup (Min)						50%	48%	34%	35%		
Markup (Max)						56%	300%	426%	591%		
Status Code Summary											
Scheduled Energy (DA/HA)	84%	86%	84%	84%	79%	68%	37%	26%	10%	0%	0%
Upward Regulation	8%	6%	7%	8%	13%	18%	13%	0%	0%	0%	0%
Bid as Real Time Energy	0%	0%	0%	0%	0%	6%	42%	65%	41%	0%	0%
Available/Not Bid	8%	8%	8%	8%	8%	8%	8%	9%	49%	81%	0%
Scheduled Outages	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Forced Outages	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	19%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document, without the information for which privileged treatment is sought, upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, this 11th day of July, 2001.

Michael Kunselman