

UNITED STATES OF AMERICA 101 FERC ¶ 63,002  
FEDERAL ENERGY REGULATORY COMMISSION

San Diego Gas & Electric Company,  
Complainant,

v.

Docket No. EL00-95-045

Sellers of Energy and Ancillary Service Into  
Markets Operated by the California  
Independent System Operator Corporation  
And the California Power Exchange,  
Respondents.

Investigation of Practices of the California  
Independent System Operator and the  
California Power Exchange

Docket No. EL00-98-042

ORDER CONCERNING HEARING

(Issued October 3, 2002)

1. In its testimony too date, APX witness Bulk has disclaimed refund liability for transactions which it made on behalf of its customers in the PX market, and suggests that all it was doing was acting as a financial intermediary on behalf of its clients. Ex. APX-1 at 2-6, Ex. APX-4 at 3. Staff witness Patterson suggests that APX was doing much more, Ex. S-126 at 6-7 but refrains from commenting on whether APX should be subject to refund liability. As concerns transactions which APX made as a Scheduling Coordinator in the ISO's real-time market, Bulk asserts on the advice of counsel that this is a legal issue which should be addressed on brief. Ex. APX-4 at 2. APX and the participants are reminded that the Commission has set for hearing as a genuine issue of material fact whether APX should be subject to refund liability for transactions in the PX day ahead and day of markets and the ISO real-time market. In this respect, I expect Bulk to offer an opinion on this issue in his rebuttal testimony.

2. With regard to APX's "unmatched" transactions that were settled in the PX market, Bulk has testified that it is reasonable and fair to adjust **all** bids (i.e. its pre-matched or pre-netted bids involving transactions that were **not** settled in the PX market **and** the remaining "unmatched transactions" that were settled in the PX market) to

reflect the mmcp adopted in this case and it has proposed such an allocation in Ex. APX 4 at 5. (APX allocation proposal) Bulk testifies further that “In the alternative, **if** the Commission orders, APX could establish an allocation mechanism whereby the mitigated price would be applied to a pro rata portion of each CalPX Pass-Through client’s bids submitted for a given interval. However, such a mechanism must ensure that any liability that the CalPX imposes on APX would be compensated in full by APX’s clients.” Id. APX, however, has refrained from setting forth a specific *pro rata* refund allocation methodology. By comparison, Staff, Calpine, and Turlock have proposed *pro rata* refund allocation methodologies. Ex. S-126 at 10-11, Ex. CES-2 at 10-12, Ex. TID-18 at 14-16.

3. To ensure true and complete disclosure of the facts, I expect APX in its rebuttal testimony to address the reasonableness of its allocation proposal as concerns the “unmatched” transactions settled in the PX markets in relation to the end results yielded under each of the *pro rata* refund allocation proposals of Staff, Calpine, and Turlock.

4. The extent to which possible application of the *pro rata* refund allocation recommendations of Staff, Calpine, and Turlock would yield the same or materially different results should be part of the record as made. Towards this end, I expect the witnesses for Staff, Calpine, and Turlock to explain on the record and provide a simple and concise illustration that demonstrates the extent to which application of their specific recommendation would yield similar or materially different refund allocations. APX will be provided an opportunity for cross-examination on these matters and an opportunity to provide supplemental oral rebuttal testimony if it so desires.

Bruce L. Birchman  
Presiding Administrative Law Judge