



**Federal Energy Regulatory Commission**  
**September 21, 2006**  
**Open Commission Meeting**  
**Statement of**  
**Commissioner Marc Spitzer**

**Item No. E-1:** California Independent System Operator, Corp (ER06-615-000 *et. al*)

“First, I would like to thank Commission Staff for their hard work on this lengthy Order. I appreciate their efforts and those of my colleagues in refining the final product. The extensive service list on the filing also reflects a high degree of participation. The concerns of the parties and the Commissioners are recognized and reflected in the Order before us.

I became an Arizona Commissioner in January, 2001. The immediacy and magnitude of the western electricity crisis of 2000-2001 are forever etched in my memory. This Commission is acutely aware of the need to do everything possible to prevent a repetition of that cataclysm.

The circumstances that produced the California crisis have been well-chronicled and include an imbalance between supply and demand, inadequate transmission, an absence of retail price signals, a total reliance on the spot market, flawed market rules, market manipulation and misconduct and an abnormally low hydropower season -- a perfect storm.

The question before the Commission is not whether this or any order will eliminate any possibility the California electricity market will again malfunction. The variables at issue are beyond the power of this Commission. Instead, the question is whether these MRTU rules improve upon the *status quo*.

I am convinced MRTU, although not a perfect result, is a step in the right direction. The resource adequacy measures address a matter of profound importance to California's neighbors -- that they not be “leaned on” to their detriment. MRTU represents a positive and structural change. The EPACK 2005 reliability provisions enacted by Congress, with rules proposed by this Commission, underscore the importance of adequate supply.

I recognize a concern that MRTU imposes a “market” unfamiliar to some western participants. I would point out in response that long term contracts remain not only viable but essential under the new rules. This Order has been amended to be consistent with the Congressional mandate regarding long term firm transmission rights. Moreover, the resource adequacy provisions are designed to mitigate price volatility -- the bane of consumers throughout the region. Finally, the proposed technical conference on seams issues affords the parties yet another opportunity to air their concerns.

As Churchill stated, this Order is not the end of the end nor beginning of the end, but the end of the beginning. The Commission will maintain a watchful eye over the West to ensure reliability, transparency and just and reasonable wholesale markets.”