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September 26, 2002

**VIA HAND DELIVERY**

Ms. Blanca S. Bayó, Director  
Division of Commission Clerk and  
Administrative Services  
FLORIDA PUBLIC SERVICE COMMISSION  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

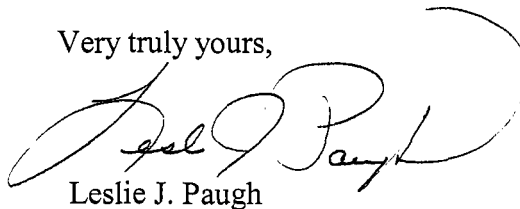
***Re: Docket No. 020233-EI; Motion For Additional Hearing Dates of Mirant  
Americas Development, Inc. and Calpine Corporation***

Dear Ms. Bayó:

Enclosed for filing please find one (1) original and fifteen (15) copies of the Motion For Additional Hearing Dates of Mirant Americas Development, Inc. and Calpine Corporation, submitted for filing in the above referenced docket. Please also find the enclosed diskette, containing an electronic version of the Filing in WordPerfect format.

Please acknowledge receipt of this document by time/date stamping the enclosed additional copy of the Petition, as indicated.

Very truly yours,



Leslie J. Paugh

LJP:trc

Enclosures: Motion For Additional Hearing Dates of Mirant Americas Development, Inc. and Calpine Corporation; original and fifteen copies

Diskette

DOCUMENT NUMBER DATE

10323 SEP 26 02

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Review of GridFlorida Regional )  
Transmission Organization Proposal )  
\_\_\_\_\_ )

Docket No. 020233-EI  
Filed: September 26, 2002

**MOTION FOR ADDITIONAL HEARING DATES  
OF MIRANT AMERICAS DEVELOPMENT INC. AND CALPINE CORPORATION**

Come now, Mirant Americas Development, Inc. and Calpine Corporation (“Movants”) and, pursuant to Rule 28-106.204, Florida Administrative Code (“F.A.C.”), hereby file their Motion for Additional Hearing Dates and as grounds therefore state:

1. Pursuant to Order Establishing Procedure for Expedited Hearing on GridFlorida Market Design, Order No. PSC-02-1199-PCO-EI, issued August 29, 2002, (“OEP”) the Florida Public Service Commission (“Commission”) has reserved one day, October 31, 2002, to conduct an evidentiary hearing on the merits of the revised GridFlorida market design proposal including: (1) financial transmission rights; (2) unbalanced schedules with a voluntary day-ahead market; (3) market clearing prices for balancing energy and congestion management; and (4) sharing of gains on real-time energy sales.<sup>1</sup>

2. In addition to the stated market design issues, the OEP and the First Order Revising Order Establishing Procedure and Establishing Additional Procedures for Expedited Hearing, Order No. PSC-02-1251-PCO-EI, issued September 11, 2002 (“First Revised OEP”) require that any proposed agency action issues on non-market design matters will be addressed in the same one day hearing. To date, the following Petitions have been filed on proposed agency action matters:

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<sup>1</sup>OEP, pg. 1.

- a. JEA's Petition for Formal Hearing;
- b. Petition for Formal Hearing of Mirant Americas Development Inc. and Calpine Corporation;
- c. Florida Power Corporation's Petition on Proposed Agency Action and Request for Hearing;
- d. Protest and Petition for Formal Hearing Regarding New Facilities Demarcation Date of Florida Municipal Power Agency;
- e. Florida Power & Light Company's and Tampa Electric Company's Protest and Request for Formal Hearing; and
- f. Public Counsel's Petition on Proposed Agency Action.

These PAA issues are complex, critical to the core functions of GridFlorida and have a direct impact on customers of the grid. These issues require a full, fair and detailed evidentiary proceeding. A one day hearing for all of these issues will engender the injustice of omission and an inadequate record which the Commission must avoid at all costs.

3. In addition to the Commission-identified market design issues and the above-referenced proposed agency action issues, on September 19, 2002, Tampa Electric Company, Florida Power Corporation and Florida Power & Light Company ("GridFlorida Companies") filed a Petition Regarding the Prudence of the GridFlorida Market Design Principles<sup>2</sup> that addresses the issues targeted by the Commission as well as four additional, critical market design concepts. The additional market design concepts include: (1) mechanisms to ensure resource adequacy; (2) allocation of financial transmission rights to existing users; (3) market power mitigation measures; and (4) a hierarchical control system.

4. In terms of the evidentiary record required to be developed in this proceeding, the market

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<sup>2</sup>Document Nos. 10047-02, 10048-02, 10049-02, filed September 19, 2002.

design issues may be divided into two categories - issues on which broad, conceptual level detail is appropriate and issues on which the record must be fully developed at this time. The conceptual level elements of market design that may not require significant hearing time<sup>3</sup> may include: (1) congestion management and energy markets that are based on financial congestion rights and locational marginal pricing; (2) a voluntary day-ahead market and real-time market; (3) payments of market clearing prices calculated on a 'nodal' basis; (4) mechanisms to ensure resource adequacy; and (5) market power mitigation measures to provide safeguards against abuses of market power.

5. Other aspects of the market design filing will require significant hearing time. Specifically, the market design proposals requiring substantial analysis at this time are the allocation of financial transmission rights to existing users as well as the annual reallocation to reflect native load growth, and the proposal for a hierarchical control system wherein existing control areas may be maintained. These issues will require significant hearing time during this phase of the proceeding in order for the Commission to make a reasoned decision. For example, unlike the first category of issues where the 'devil is in the details' to be developed in a subsequent collaborative process, the devil of the hierarchical control system exists in its inclusion in the market design proposal, even as a high level concept. Under almost all conceivable interpretations, the translation of the proposed hierarchical control system proposal is the ability of certain market participants (the existing Investor Owned Utility control area operators) to maintain dueling system operation control, potentially in conflict with the efficiency and reliability of the system operation by GridFlorida. Such an outcome undermines the very foundation of the RTO design - independent system operation

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<sup>3</sup>This presumes that the detailed market design protocols previously submitted in this proceeding are deemed withdrawn by virtue of the September 19, 2002 market design filing.

through the sole authority of GridFlorida to direct the short term operation of the Florida wholesale electric system. If the GridFlorida Companies will not stipulate prior to the hearing date that their reference to a hierarchical control system is not intended to give any market participant, including transmission owners and existing control area operators, the right to operate the transmission system in the short term or give access to confidential market participant data or other market privileges superior to those offered to any other, GridFlorida's ability to assure system reliability as Security Coordinator, and its ability to assure competitive locational energy clearing price outcomes in the day-ahead and real-time markets is compromised. As a consequence, an item such as this which is so fundamentally in conflict with the Commission's order to structure GridFlorida as an Independent System Operator<sup>4</sup> will require a significant block of hearing time.

6. Pursuant to Rule 28-106.204, F.A.C., Movants have attempted to confer with parties of record in this docket regarding their position on this motion and are authorized to represent the following: Florida Municipal Power Agency supports the Motion; JEA supports the Motion as qualified in its Motion For Additional Hearing Dates<sup>5</sup>; Florida Phosphate Council, Florida Industrial Cogeneration Association, Solid Waste Authority of Palm Beach County, Buddy L. Hansen, Sugarmill Woods Civic Association, Florida Industrial Power Users Group, Lakeland Electric, and Seminole Electric Cooperative have no objection to the Motion; Orlando Utilities Commission, Florida Power Corporation, Tampa Electric Company, and Florida Power & Light Company have no position on the Motion; Office of Public Counsel opposes the Motion; other parties did not

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<sup>4</sup>Order Finding Proactive Formation of GridFlorida Prudent and Requiring the Filing of a Modified GridFlorida Proposal, Order No. PSC-2489-FOF-EI, issued December 20, 2001.

<sup>5</sup> Document No.09879-02, filed September 17, 2002.

respond.

Movants respectfully request the Commission to set this matter for additional hearing dates as the Commission deems appropriate.

Respectfully submitted this 26<sup>th</sup> day of September, 2002.

A handwritten signature in black ink, appearing to read "Leslie J. Paugh", written over a horizontal line.

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**CERTIFICATE OF SERVICE**  
**DOCKET NO. 020233**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by facsimile (\*), electronic mail (\*\*), and U.S. Mail to the following parties on this 26<sup>th</sup> day of September, 2002.

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