

1 62-20010126-11423488-11543783 (12:02)

2 TOM: This is Tom.

3 TOM DELANEY: Tom, Tom Delaney.

4 TOM: Hey Tom, what's up?

5 TOM DELANEY: Uh, got, got -- you've got a couple minutes?

6 TOM: Uh, yeah.

7 TOM DELANEY: This'll be quick.

8 TOM: OK

9 TOM DELANEY: Just want to let you know how the board meeting went yesterday.

10 TOM: Okay.

11 TOM DELANEY: The issues of the TCA --

12 TOM: Uh huh

13 TOM DELANEY: Uh, we didn't lose those, we didn't win those, they're open so we're
14 gonna look for language to make that stronger.

15 TOM: OK.

16 TOM DELANEY: On the self tracking issue --

17 TOM: Yeah

18 TOM DELANEY: We won that one. Everyone can self track, we just have to get into
19 some details now. So what that means is that we might end up having a situation to
20 where if you wanted to move your output in real time over a generator --

21 TOM: Mm hm.

22 TOM DELANEY: - up to 20 - maybe, they'll probably be a cap, like 25 megawatts.

23 You can do it. Unilaterally. No phone calls. Just move it. So if you wanna buy or sell or
24 be on the money side of -- of imbalances, you think you can do it, you can do it. You
25 can also track -- track your loads in some pseudo sense so --

26 TOM: OK

27 TOM DELANEY: So that'll be a new market, whether you're in it or not, it's a market
28 you can play with.

1 TOM: OK, that's -- that's good.

2 TOM DELANEY: The other one -- the ah, ten minute generation scheduling --

3 TOM: Yeah

4 TOM DELANEY: Uh, we won that one. So that one'll be -

5 TOM: Oh!

6 TOM DELANEY: -- wiped out. That nuisance thing will be gone.

7 TOM: That's good.

8 TOM DELANEY: Yeah. The other thing -- oh, you know the scheduling issue? To

9 where you can change your scheduling [*inaudible*] congestion?

10 TOM: Yup.

11 TOM DELANEY: We won it.

12 TOM: Oh, really?

13 TOM DELANEY: That was huge.

14 TOM: Wow.

15 TOM DELANEY: It was a big, big fight.

16 TOM: That's amazing.

17 TOM DELANEY: A huge fight. And I convinced, um, the board that we had a

18 situation here between old world thinking, utility, you know stupid dog thinking and this

19 is, you know --

20 TOM: Right

21 TOM DELANEY: -- this is the mission of what an RTR should be doing. So the -- the

22 -- the -- the thing was, the concern thrown back was whether or not all these things could

23 happen in a -- in -- in the one hour adjustment period. And I convinced them that--that

24 hardware and software will drive this. So the language is a little soft in the sense that it

25 gets rid of the -- the prohibition against not being able to change your schedule. What it

26 says is, is says that if -- if the control center can do it, they should do it, but it gives them

27 the ability to say no, they can't because of constraints. So now we're working what the

1 constraints look like, but frankly I think the hardware and software will drive this and
2 make it just fine.

3 TOM: Hm, OK.

4 TOM DELANEY: But the prohibition's wiped out so you can change your schedule,
5 which is good, but that means if you have -- if you have a 5,000 megawatt position and
6 you wanna change it --

7 TOM: Yeah

8 TOM DELANEY: -- you're willing to pay for re-dispatch -- you're on.

9 TOM: Good

10 TOM DELANEY: All the way -- a -- and that puts you T minus sixty minutes before
11 real time and you can change your schedule. And also if you want to change your
12 schedule again, you can because you can track your load in real time.

13 TOM: OK

14 TOM DELANEY: So, literally, I think I've put you in a situation to where you can be, I
15 mean, short or long in real time and be just fine.

16 TOM: Right. OK.

17 TOM DELANEY: And you can change your schedule so.

18 TOM: That's fantastic.

19 TOM DELANEY: Yeah, its huge. I don't know anywhere else that -- that's allowing
20 you to do this.

21 TOM: No, not really, not. *[inaudible]* So the utilities, ah, come on board with us, huh?

22 TOM DELANEY: Well, the utilities didn't want to, but I got -- I have a good working
23 relationship with most of the board members and you buy these guys drinks -- and you
24 make, you -- you -- you make -- try to make this -- make it sound like sense.

25 TOM: Right

26 TOM DELANEY: And if you can --

27 TOM: Persuade 'em?

1 TOM DELANEY: Persuade 'em before you get there than these utilities just sound like
2 the whiners.

3 TOM: Right.

4 TOM DELANEY: So, they're pretty much on our side. They had to beat me up a little
5 bit in the meeting to make it sound like they weren't being my best friend.

6 TOM: *[laughter]*

7 TOM DELANEY: I -- I took it just fine so -- you know what this means? *[simultaneous*
8 *talking]* I -- I feel really good about this.

9 TOM: Yeah, well *[simultaneously talking]*

10 TOM DELANEY: What this means is --

11 TOM: *[inaudible]* fantastic.

12 TOM DELANEY: You can, um -- you know, you can go short in the market.

13 TOM: Yeah, or long.

14 TOM DELANEY: Now I'm gonna work on this bulletin board thing to where Jack
15 Davis has got to give you counter schedules, right?

16 TOM: Right

17 TOM DELANEY: OK, I think I've got everything. Right now as far as I'm concerned,
18 you guys owe me dinner.

19 TOM: *[inaudible]* ah, I would agree, I would agree. That sounds, uh, that sounds
20 fantastic.

21 TOM DELANEY: Yeah. I'm -- I'm gonna --

22 TOM: Wow

23 TOM DELANEY: -- I'm gonna have a drink over this one.

24 TOM: No, I think you should. When does, uh -- so when do they, what's the -- what's
25 the like the -- the date of this thing? The b -- best case scenario?

26 TOM DELANEY: Well, um, we have a schedule that basically says filing deferred
27 March 31. I will guarantee you that that date won't be slipped.

28 TOM: OK.

1 TOM DELANEY: I mean, its just -- these board members are so hostile towards
2 anything that, that looks like a delay --

3 TOM: OK

4 TOM DELANEY: -- and they're c -- incredibly hostile towards it. Um, you need for it
5 to do 60 days of gyrating, right? But if they come back say in -- around May saying OK,
6 you're, you're operational, you have funding, we -- we approve, we will already have the
7 RFP back by then.

8 TOM: Mm hm.

9 TOM DELANEY: OK? And so it's as long at it takes the vendors to get the hardware
10 and software and we're still shooting for the end of the year, but my personal feeling is
11 it'll probably end up being three months past that so I think we're talking um, a year past
12 the filing date.

13 TOM: A year past the filing date?

14 TOM DELANEY: It'll be operational.

15 TOM: OK

16 TOM DELANEY: That's - they're still gonna shoot for end of year and, and, that --
17 and -- and you know what? They might make it 'cause it's not a green field, we're using a
18 lot of the existing systems and --

19 TOM: Sure, sure

20 TOM DELANEY: So we might -- we might make it just fine, it just depends how fast
21 [inaudible] it can come back, but we're doing a lot of things in parallel, li -- such as the
22 RFP. It'll be close, but if it -- if it ain't end of year, they'll delay it a few months

23 TOM: Right

24 TOM DELANEY: -- and make it March. But they -- if --if they wait too far past March,
25 you're gonna have a lot of these people arguing for a further delay because you're getting
26 into the hot months --

27 TOM: Right, right, right.

28 TOM DELANEY: -- and shit like that. so.

1 TOM: Yeah. Well, that's very interesting.

2 TOM DELANEY: Yeah

3 TOM: You've gotta be psyched about that. You've done a good job there [inaudible]

4 TOM DELANEY: Oh, I'm -- I'm stoked about this. I mean, I wanna -- I wanna kind

5 of be quiet about this in the sense that, you know --

6 TOM: Cautiously optimistic?

7 TOM DELANEY: Yeah, -- yeah, I d -- I -- but I gotta tell ya I'm getting pretty much

8 everything I think you guys need. I mean, I'm -- I'm looking at my cohorts, you know,

9 and they wanna be able to have an, have an accept all schedules regime and being able to

10 change your -- be short or long on the market -- as close to --

11 TOM: Right.

12 TOM DELANEY: -- real time as possible.

13 TOM: Right.

14 TOM DELANEY: Well, not only are they not getting it -- not getting it, but they're

15 getting a lot of push back from people like PG&E and Dynegy and others that think that

16 we've gone crazy 'cause back East they're saying PGM's OK now.

17 TOM: Yeah?

18 TOM DELANEY: So, people aren't even listening to us anymore.

19 TOM: Hmm.

20 TOM DELANEY: So, I found a really cool way, I think of getting you 80% of what you

21 had --

22 TOM: No, it sounds like, ah, from the initial conversations we've had, you've been able

23 to procure a good portion of what we've asked for and --and other things that we didn't

24 think ah, we could get.

25 TOM DELANEY: Yeah, so I -- I just gotta ask you right now because, what else do

26 you want? You better tell me now. [laughter]

27 TOM: No, I, well, its hard for me to say what else I want. I mean, I think in our

28 meetings we've -- we've put forward exactly what we wanted for trading ah, from a

1 trading standpoint, from a tr -- being a trader, and I think, I mean, I think you've
2 understood where were coming from as f -- after the last couple conversations we've had
3 and you know, you seem -- you have seemed to ah, be able to come up with, uh -- with
4 uh -- put ah, good enough arguments to win over, ah, win ah, most of these people to
5 our side, so --

6 TOM DELANEY: I guess what I'm thinking is be -- be creative - if there's something
7 else you want, you better ask now. If these guys are on a yes roll and we're gonna be
8 done here real soon --

9 TOM: Right

10 TOM DELANEY: You know what I mean?

11 TOM: Uh huh

12 TOM DELANEY: If there's something else you can think of --

13 TOM: Well, really, you know what we just want is as much freedom as possible to deal
14 with -- and as much flexibility as we have to deal in the market -- uh, I mean, you know,
15 with the tra -- ah we've gone through the transmission issues, the real time issues, um,
16 the pricing, I mean, we've talked about the pricing, um, uh, you know how, how they're
17 gonna, how they price some of the ah -- the -- the -- the transmission and the ah -- the
18 FTR stuff and, um,

19 TOM DELANEY: Uh huh

20 TOM: And, uh, the ah, you know, the pricing of the power itself, you know based on,
21 you know how -- are you gonna get it with losses and --

22 TOM DELANEY: Uh huh

23 TOM: you know, the uh, the MC -- you know how they'd calculate an MCP, I mean
24 we've talked through all that stuff, so --

25 TOM DELANEY: Yeah, I just feel like I'm kind of on the down side of -- of some of
26 the hard issues now, so I'm -- I mean, I -- I really want you guys to rack your brains, if
27 there's something else that, you know, Tom, this would be a bell or whistle you want --

28 TOM: OK, OK.

1 TOM DELANEY: I would hate to have you think of it, like --

2 [*simultaneous talking*] two weeks from now

3 TOM DELANEY: -- because that would be two weeks too late.

4 TOM: Right, well let me talk to Mark, see if we come up with anything else. I gotta
5 admit, though, we basically, we just threw everything on the wall as far as I was
6 concerned, um from a trading standpoint, unless I'm missing something, unless I just
7 missed something. Uh, I think we threw everything off, against the wall to see what
8 stuck, um, and you were our person that was carrying everything off the wall.

9 TOM DELANEY: Uh huh

10 TOM: And you seemed to make most of it stick, so have to admit, I'm not sure there is
11 anything else. I'm sure there is, but I'm not sure that I'd see anything else right now that
12 we -- we will -- we would ah, ask for. I mean, having some experience in the California
13 market and understanding how it worked [*inaudible*] had a pretty good feel -

14 TOM DELANEY: Uh huh

15 TOM: -- for what questions to ask --and -- and -- and how we wanted it to work

16 TOM DELANEY: OK

17 TOM: Um, and you sound pretty bullish that you've, uh, gotten a lot of this stuff taken
18 care of and [*inaudible*] I mean --

19 TOM DELANEY: Tom, it's my only fear left -- my only fear left is some of the details
20 on self tracking, but frankly, again, if we get 80% of self tracking, we're fine -- we're fine.
21 The only, some of the details -- the other 20% that some people are worrying about,
22 when I look at them, they are not Enron issues, they're more like, if you own the
23 generator.

24 TOM: Right.

25 TOM DELANEY: OK?

26 TOM: Right

27 TOM DELANEY: Um, the only other thing I think I need to be --we -- I need to be
28 very aware about is, um, with the market monitoring --

1 TOM: OK

2 TOM DELANEY: -- stuff and the generation interconnection. I think generation
3 interconnection will come out real well.

4 TOM: Yeah

5 TOM DELANEY: Market monitoring -- you still have Dennis Delaney for the
6 irrigators down there -- they believe anything -- if you price your generation at all beyond
7 marginal costs, you're just trying to manipulate the market.

8 TOM: Interesting.

9 TOM DELANEY: I mean, its just, they got some guy that used to work for Burk to be
10 their expert and came out to one working group meeting and we -- we lanced him. By the
11 time he was done he looked --

12 TOM: *[laughter]*

13 TOM DELANEY: -- he looked like just got -- you know, he looked like, ah --

14 TOM: *[simultaneous speaking]* A guy who been boxing

15 TOM DELANEY: -- and I s -- and I skated and tried to play, i -- you know, um, ice
16 hockey, you know?

17 TOM: Yeah.

18 TOM DELANEY: - looked like Brian -- Brian Boitano got -- took a beating from, you
19 know, Lemieux or something.

20 TOM: Right

21 TOM DELANEY: It was not pretty.

22 TOM: You just killed him ?

23 TOM DELANEY: So, I don't -- I don't think they have a lot of traction on this one?

24 TOM: Right.

25 TOM DELANEY: But with all the scare of the California market monitoring these days
26 -- ugly --

27 TOM: Oh yeah,

28 TOM DELANEY: -- ugly twist all over the nation.

1 TOM: I can imagine so. It was interestingly enough we were talking to APS over there
2 and he, thought, he was like, yeah, I think the -- I think, ah, Desert Storm is gonna roll.

3 TOM DELANEY: It is.

4 TOM: So.. [*simultaneously speaking*]

5 TOM DELANEY: I'm actually really proud of it. Its one of those things to where I feel
6 so good right now, I'm waiting for the other shoe to drop.

7 TOM: -- the other shoe to drop on you?

8 TOM DELANEY: Yeah, somethin's got -- somethin' -- something's gotta happen here,
9 this is feeling a little too good, so --

10 TOM: Well, I think you've just done a good job of, uh, understanding the topics and,
11 uh, back doorin' some of these guys.

12 TOM DELANEY: I don't think they understood what they were --

13 [*simultaneous conversation*]

14 TOM: Yeah, I was going to say, they don't have as good an idea of what you're trying to
15 accomplish as you know, what they do, you know?

16 TOM DELANEY: Yeah, well, the -- they -- the utilities, they don't move as fast. I know
17 if I went in there and said I want [*inaudible*] all schedules and all these things, they would
18 have said no.

19 TOM: Right.

20 TOM DELANEY: That would have -- that would have died a quick death, so -

21 TOM: Right.

22 TOM DELANEY: So this is fine. But lets see what we can do about getting Jack Davis
23 to throw out incs and decs and --

24 TOM: Well, I mean I think you gotta be happy about this, and, uh, see where it goes
25 from here. I mean, I think, y -- you know, like I said, I think you've -- you know, you've
26 done a great job and I think we just need to see where she goes.

27 TOM DELANEY: Good. Do me a favor.

28 TOM: Yup.

1 TOM DELANEY: You know who should hear this?

2 TOM: What's that?

3 TOM DELANEY: *[inaudible]* he's my boss right now.

4 TOM: Oh, Belden.

5 TOM DELANEY: I want Belden to hear it

6 TOM: Yeah

7 TOM DELANEY: 'Cause its gonna be good for him

8 TOM: Uh huh

9 TOM DELANEY: And I'm still trying to, um, you know, our differences – our

10 differences are – I want those to be in the past.

11 TOM: Yeah. .

12 TOM DELANEY: The other thing is, a guy name -- by the name of Jim Steffus –

13 TOM: Yeah

14 TOM DELANEY: Ah, all my performance appraisals are done, but its still good that he

15 hears these kinds of things.

16 TOM: OK, OK.

17 TOM DELANEY: OK? It's a quick phone call, it'd be a favor to me.

18 TOM: Yeah, I will, uh -- I will uh -- we'll -- we'll ah, we'll take care of that. I'm gonna

19 run it, run it through Belden and let him know the progress you made -

20 TOM DELANEY: I appreciate that.

21 TOM: -- and ah, if he's not going to ah, post up the ah, the call, ah, Mark and I will

22 definitely do that

23 TOM DELANEY: I appreciate that.

24 TOM: OK Tom?

25 TOM DELANEY: Thanks guy

26 TOM: Thanks a lot. Have a great weekend

27 TOM DELANEY: You're welcome, buddy. Bye-bye.