

July 15, 1998

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

Re: The California Independent System Operator Corporation, Docket No.
ER98-____-000

Clarification Amendment to the ISO Operating Agreement and Tariff,
including the ISO Protocols

Dear Secretary Boergers:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, the California Independent System Operator Corporation ("ISO") respectfully submits for filing an amendment ("Clarification Filing") to the ISO Operating Agreement and Tariff, including the Protocols ("ISO Tariff"). The Clarification Filing involves corrections and clarifications to the ISO Tariff that are intended to be essentially non-substantive.

Included with this submittal are:

- a matrix setting forth the proposed amendments to the ISO Tariff that are included in this Clarification Filing ("Clarification Matrix") (Attachment A);

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- a matrix of issues raised by intervenors in response to previous ISO filings and not previously resolved by the Commission's previous orders ("Intervenors' Issues Matrix") (Attachment B);
- the revisions to the ISO Tariff (both the revised Tariff sheets and those pages blacklined to show changes from the June 1, 1998 compliance Tariff); and
- a form of notice of filing suitable for publication in the Federal Register (hard copy and diskette).

I. NOTICES

The following individuals should be placed on the Commission's official service list for this submittal:

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II. BACKGROUND

The ISO submitted the entire ISO Tariff for filing on June 1, 1998 ("Compliance Tariff"), as part of its compliance filing required to be made 60 days

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after the commencement of ISO operations ("Compliance Filing"). At that time the ISO stated its intention to make the instant Clarification Filing and, as discussed in greater detail below, proposed that issues previously raised by intervenors but not yet resolved by the Commission be addressed in the instant proceeding. To that end, the ISO respectfully requests that the Commission consider all such previously raised and unresolved issues in connection with this Clarification Filing¹ rather than in Docket Nos. EC96-19-029 and ER96-1663-030 (the sub-dockets for the Tariff portion of the Compliance Filing).

III. THE CLARIFICATION FILING

A. Clarification Matrix and Tariff Amendment

Attachment A hereto, the Clarification Matrix, is intended to assist the Commission and the parties in reviewing the Tariff amendments proposed in this Clarification Filing. The Clarification Matrix lists, by item number, the specific Tariff or Protocol section(s) being amended, the Revised Sheet No. for each revision, the specific change proposed and a brief explanation of the change.

¹ As explained below, the ISO is requesting a new docket for the Clarification Filing.

As the Clarification Matrix reflects, many of the proposed amendments are merely grammatical or typographical corrections or involve issues of consistency and formatting. Such proposed changes are, therefore, for the most part self-explanatory. The Clarification Matrix also reflects a smaller number of textual changes to the Tariff. These changes generally are designed to clarify particular sections and are not intended to introduce new substantive concepts into the Tariff.

Because of the generally corrective and clarifying nature of the proposed Tariff amendments, the ISO respectfully requests that the Commission accept them for filing effective as of March 31, 1998, which is the requested effective date of the Compliance Tariff.

B. Intervenors' Issues Matrix and Proposed Procedure.

In its transmittal letter for the Compliance Filing, the ISO noted that the Commission in an earlier order had signaled its intention to use the Compliance Filing to allow stakeholders to pursue issues not previously resolved by the Commission.² The ISO explained that it had proposed to stakeholders that they instead limit any responses in the Compliance Filing proceeding to traditional

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compliance proceeding issues only -- i.e., whether or not the Compliance Filing correctly implemented the changes directed by the Commission -- and pursue previously unresolved issues in the instant Clarification Filing. This would, among other things, facilitate closing out the old, multiple-sub-docket "WEPEX" proceedings. The ISO respectfully submits that establishing a new docket for the Clarification Filing is appropriate, particularly in view of the facts that the ISO now is fully operational and has on file a complete and operational Tariff. Additionally, the ISO anticipates that now that it is fully operational, a new docket may result in a more focused service list, as entities not involved in the California market may forego involvement in operational-phase Tariff proceedings.

As stated in the transmittal letter for the Compliance Filing, in return for the parties' forbearance in that proceeding, and to avoid prejudice to any party, the ISO hereby agrees that for each party, all of their Section 205 rights with respect to issues that they previously raised in the EC96-19 and ER96-1663 dockets, including all sub-dockets, that have not previously been acted upon by the Commission are preserved for resolution in the docket established for this

² See Pacific Gas and Electric Co., 81 FERC ¶ 61,320, at 62,470-71, 62,476 (1997).

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Clarification Filing.³ In order to minimize any burdens that the ISO's proposal may impose on either stakeholders or the Commission, the ISO agrees that the parties' pleadings filed in the EC96-19 and ER96-1663 dockets (including sub-dockets) may, to the extent that they raise unresolved issues, be addressed in this Clarification Filing proceeding without having to be resubmitted.

To assist intervenors in identifying open issues, the ISO has prepared the Intervenors' Issues Matrix, Attachment B hereto, which sets forth issues that intervenors have raised previously and that the ISO believes have not been resolved by the Commission. The Intervenors' Issues Matrix lists, by item number, specific intervenors' comments, the name (or names) of the party (or parties) raising the issue, a cite to the specific pleading in which the issue was raised and a cite to the relevant Commission decision indicating that the issue remains open. The ISO notes that the Intervenors' Issues Matrix does not include issues relating directly to the Grid Management Charge,⁴ the Reliability Must-Run Contracts or the ISO's other operating agreements, because such issues have been or will be

³ As the ISO stated in the Compliance Filing, however, it is not proposing to allow parties to re-raise issues that the Commission deemed denied in its October 30 order. See Pacific Gas and Electric Co., 81 FERC ¶ 61,122, at 61,436 (1997) (Commission deemed denied all issues raised but not addressed in that order).

⁴ Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A.

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resolved in separate Commission proceedings that specifically address those matters. The ISO further notes that while the Intervenor's Issues Matrix is intended to be as comprehensive as reasonably possible, it is not the ISO's intent to attempt to limit a party's Section 205 rights with respect to any unresolved issue that may inadvertently have been omitted. To allow parties adequate time to review their prior pleadings and the Intervenor's Issues Matrix and identify any additional unresolved issues that should be included in the Intervenor's Issues Matrix, the ISO hereby agrees to an extended intervention period for this Clarification Filing.

IV. CONCLUSION

Wherefore, for the foregoing reasons, the ISO respectfully requests that the Commission (a) accept for filing the clarification amendment to the ISO Tariff and allow it to become effective as of March 31, 1998; (b) establish a new docket for the Clarification Filing; and (c) resolve previously raised but unresolved issues concerning the ISO Tariff in this new docket rather than in the Compliance Tariff dockets.

Respectfully submitted,

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N. Beth Emery
**Vice President
and General Counsel for
The California Independent
System Operator Corporation**

CERTIFICATE OF SERVICE

I hereby certify I that have this day served the foregoing submittal upon each person designated on the official service list compiled by the Secretary in Docket Nos. EC96-19-003 and ER96-1663-003, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (1997).

Dated at Washington, D.C., this 15th day of July, 1998.

Harry Dupre

