

March 15, 1999

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

Re: AES Redondo Beach, L.L.C.	Docket Nos.	ER98-2843-001
	and	ER98-2843-002
AES Huntington Beach, L.L.C.	Docket Nos.	ER98-2844-001
	and	ER98-2844-002
AES Alamitos, L.L.C.	Docket Nos.	ER98-2883-001
	and	ER98-2883-002
El Segundo Power, LLC	Docket Nos.	ER98-2971-001
	and	ER98-2971-002
Long Beach Generation, LLC	Docket Nos.	ER98-2972-002
	and	ER98-2972-002
Ocean Vista Power Generation, L.L.C.	Docket Nos.	ER98-2977-001
Mountain Vista Power Generation, L.L.C.	and	ER98-2977-002
Alta Power Generation, L.L.C.		
Oeste Power Generation, L.L.C.		
Ormond Beach Power Generation, L.L.C.		
Williams Energy Service Company	Docket No.	ER98-3106-001
Duke Energy Oakland, L.L.C.	Docket No.	ER98-3146-001
Duke Energy Morro Bay, L.L.C.	Docket No.	ER98-3147-001
Duke Energy Moss Landing, L.L.C.	Docket No.	ER98-3148-001
Southern California Edison Company	Docket No.	EL98-62-000

Dear Secretary Boergers:

The California Independent System Operator Corporation ("ISO") submits this letter to notify the Commission of the status of a report that the Commission directed the ISO Market Surveillance Committee ("MSC") to prepare pursuant to the Commission's October 28, 1998

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Order in the above-captioned dockets. AES Redondo Beach, L.L.C., 85 FERC ¶ 61,123 (1998) ("October 28 Order").

In the October 28 Order, the Commission directed the ISO to conduct a stakeholder process to address various issues concerning the ISO's Ancillary Services markets and to submit a comprehensive proposal for the redesign of those markets to the Commission by March 1, 1999. The ISO filed proposed changes to its Ancillary Services markets on March 1 in Docket No. ER99-1971.

The Commission also directed both the MSC and the Market Monitoring Committee of the California Power Exchange to prepare final reports on these issues. On February 12, 1999, the ISO submitted on behalf of the MSC a request for an extension of time for filing that report and the ISO's Motion for Extension of Time supporting that request. In that Motion, the ISO stated that the MSC has been committing extensive time and resources to provide support for the negotiations related to Reliability Must-Run ("RMR") Agreements. The MSC has advised the ISO that its comments on RMR Agreements are inextricably intertwined with its report on the ISO's Ancillary Services markets. In the Motion, the ISO also noted that, pursuant to a "Memorandum of Agreement to Finalize Settlement" in the RMR settlement negotiations, incorporated in an Order issued by the Chief Administrative Law Judge on February 5, 1999, the ISO agreed that it would not release MSC reports relating to RMR contracts prior to March 15, 1999.

As noted in the ISO's March 1, 1999 transmittal letter accompanying its Ancillary Services redesign filing in Docket No. ER99-1971, the outcome of the RMR settlement negotiations will have a substantial impact on the Ancillary Services markets. The MSC's final report on the Ancillary Services markets includes a discussion of issues related to the RMR negotiations. The ISO had intended to submit the MSC's final report on this date, March 15,

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1999. concurrent with various filings related to the RMR settlement negotiations. The parties to the RMR negotiations have concluded, however, that more time is necessary to finalize those filings. Given the relationship of the RMR Agreements to the Ancillary Services Market redesign and the significant changes that are contemplated by the RMR settlement, the ISO and the MSC have therefore determined that it would be inappropriate to submit the final report prior to the filings which will be submitted pursuant to Chief Judge Wagner's February 5 Order in the RMR proceedings.

The ISO and the MSC sincerely regret the additional delay, but believe that this course of action is necessary to fulfill their obligations to support the RMR settlement negotiations while enabling the MSC's final report on the Ancillary Services markets to include comment on developments which will have an impact on those markets.

An additional copy of this letter is provided to be date-stamped and returned to the messenger. Thank you for your attention to this matter.

Respectfully submitted,

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Attorneys for the California Independent
System Operator Corporation

cc: Service List