SWIDLER BERLIN LLP

The Washington Harbour 3000 K Street, N.W., Suite 300 Washington, D.C. 20007-5116 Phone 202.424.7500 Fax 202.424.7647 www.swidlaw.com

February 14, 2005

The Honorable Magalie R. Salas Secretary Federal Energy Regulatory Commission 888 First Street, N.E. Washington, D.C. 20426

Re: California Independent System Operator Corporation

Compliance Filing

Docket No. ER05-277-001

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")¹ respectfully submits six copies of the present filing in compliance with the Commission's January 28, 2005 order in the captioned docket, 110 FERC ¶ 61,082 ("January 28 Order"), concerning Amendment No. 64 to the ISO Tariff ("Amendment No. 64").

The purpose of Amendment No. 64 was to modify Section 11.2.4.1.2 of the ISO Tariff to temporarily suspend financial settlement of Uninstructed Deviation Penalties ("UDP"), effective December 1, 2004, because of software and connectivity issues the ISO has experienced. January 28 Order at PP 1, 6. The Commission conditionally accepted Amendment No. 64, subject to modification. *Id.* at P 17 and ordering paragraph (A). The Commission stated that its review "indicates that the CAISO's proposed tariff revisions do not accomplish what the CAISO is trying to achieve, which is an indefinite suspension of the UDP provision." *Id.* at P 17. Therefore, the Commission directed the ISO to submit a compliance filing to "make Section 11.2.4.1.2 conform with the CAISO's intent to indefinitely suspend the UDP provision." *Id.* The Commission also directed the ISO to "make clear in this compliance filing

Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A., as filed August 15, 1997, and subsequently revised.

The Honorable Magalie R. Salas February 14, 2005 Page 2

that it will not implement Section 11.2.4.1.2 until it has resolved software and connectivity issues and received Commission approval" to implement the section pursuant to a filing submitted under Section 205 of the Federal Power Act. *Id.* at PP 17-18.

In the present compliance filing, the ISO has modified Section 11.2.4.1.2 to state that, effective December 1, 2004, the ISO will not charge any UDP pursuant to the section until the Commission issues an order authorizing the ISO to do so. Further, the ISO commits to seek Commission approval to charge UDP in a filing submitted under Section 205 of the Federal Power Act after it has resolved all software and connectivity issues.

The tariff changes described above are shown in the revised sheets provided in Attachment A to the present filing, and are shown in black-line format in Attachment B. Additionally, the ISO submits, in Attachment C, a form notice of filing suitable for publication in the Federal Register, along with a computer diskette containing the notice of filing.

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are questions concerning this filing, please contact the undersigned.

Respectfully submitted,

Charles F. Robinson
General Counsel
Anthony J. Ivancovich
Associate General Counsel
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Tel: (916) 351-4400 Fax: (916) 608-7296 J. Phillip Jordan Bradley R. Miliauskas Swidler Berlin LLP 3000 K Street, N.W., Suite 300

Washington, D.C. 20007

Tel: (202) 424-7516 Fax: (202) 424-7643

ATTACHMENT A

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

FERC ELECTRIC TARIFF

Substitute Third Revised Sheet No 247.03

FIRST REPLACEMENT VOLUME NO. I

Superseding Second Revised Sheet No. 247.03

Resource recovers its Energy Bid costs for the quantity of Energy delivered. Payments for un-

recovered bid costs for portions of Energy associated with bids above the Maximum Bid Level

are subject to recall if such bids have not been adequately justified pursuant to Section 28.1.2.

11.2.4.1.2 Penalties for Uninstructed Imbalance Energy

Effective December 1, 2004, the ISO shall not charge any Uninstructed Deviation Penalties

pursuant to this Section 11,2,4,1,2 until FERC issues an order authorizing the ISO to charge

Uninstructed Deviation Penalties pursuant to this section. Beginning with Settlement

Statements for the first Trading Day for which FERC authorizes the ISO to charge Uninstructed

Deviation Penalties pursuant to this section, the ISO shall charge Scheduling Coordinators

Uninstructed Deviation Penalties for Uninstructed Imbalance Energy resulting from resource

deviations outside a Tolerance Band from their Dispatch Operating Point, for dispatched

resources, or their Final Hour-Ahead Schedule otherwise. The Dispatch Operating Point will

take into account the expected Ramping of a resource as it moves to a new Hour-Ahead

Schedule at the top of each hour and as it responds to Dispatch Instructions. The Uninstructed

Deviation Penalty will be applied as follows:

a) The Uninstructed Deviation Penalty for negative Uninstructed Imbalance Energy will be

calculated and assessed in each Settlement Interval. The Uninstructed Deviation

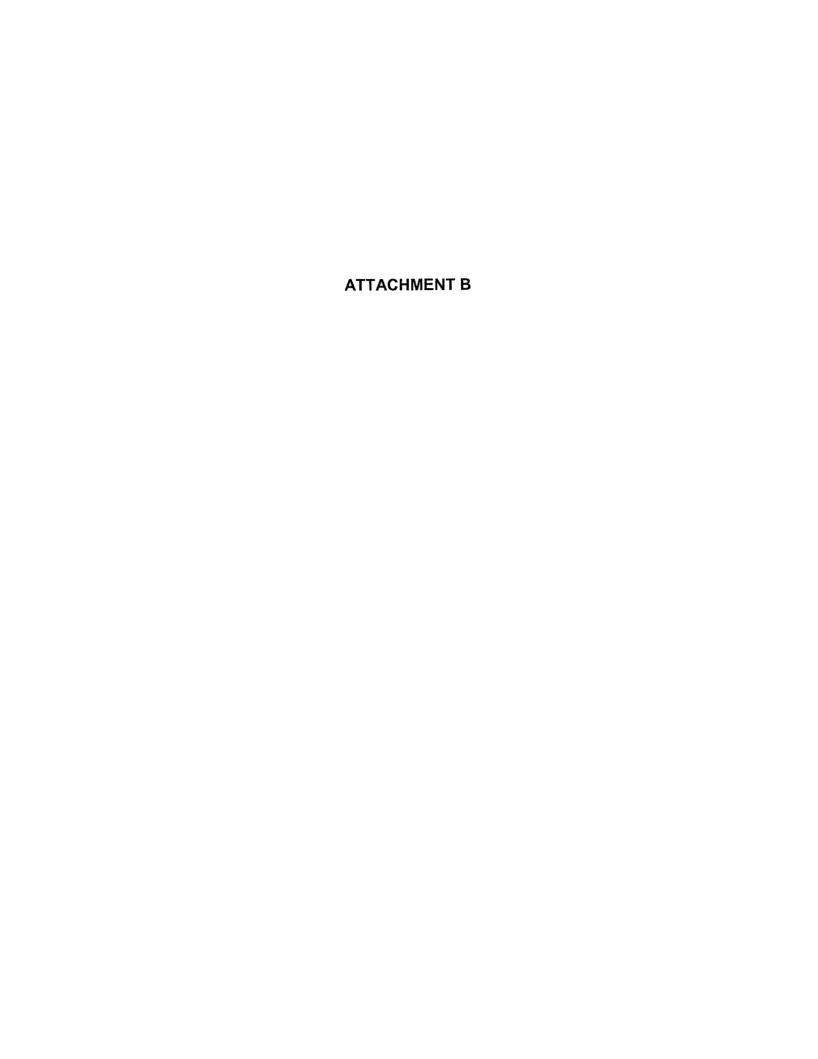
Penalty for positive Uninstructed Imbalance Energy will be calculated and assessed in

each Settlement Interval in which the ISO has not declared a staged System

Emergency;

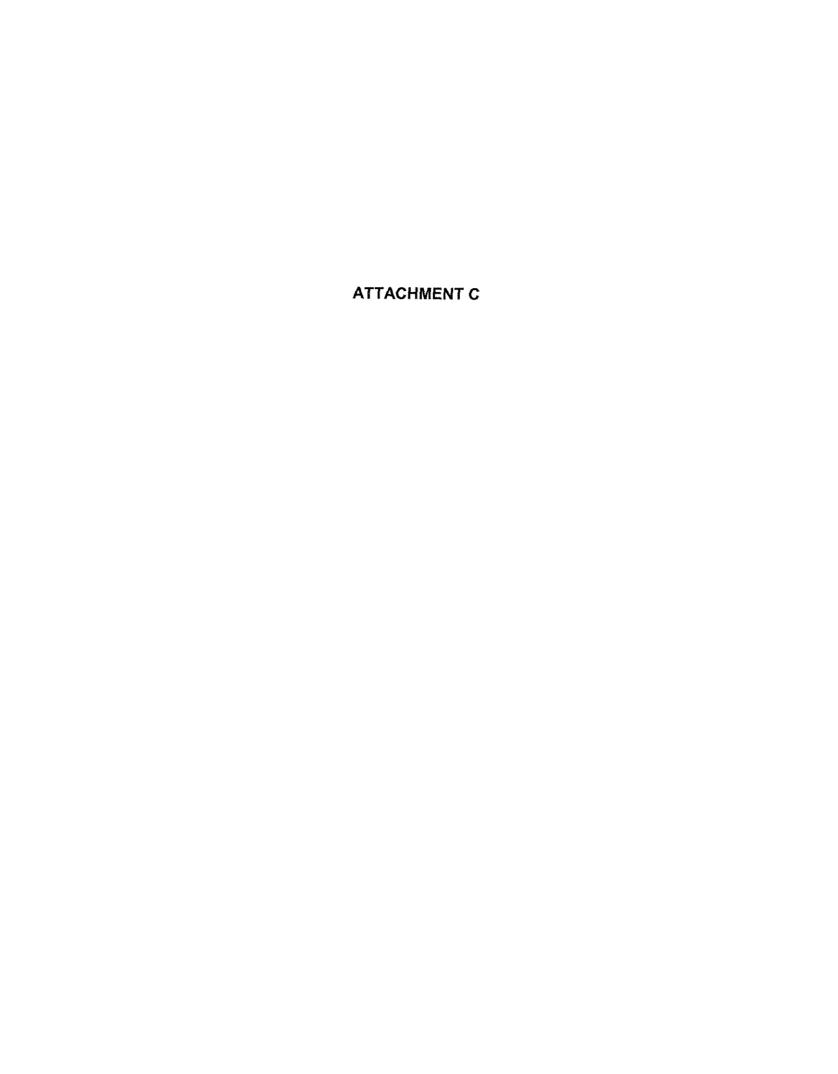
Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: February 14, 2005 Effective: December 1, 2004



11.2.4.1.2 Penalties for Uninstructed Imbalance Energy

Effective December 1, 2004, the ISO shall not charge any Uninstructed Deviation Penalties pursuant to this Section 11.2.4.1.2 until FERC issues an order authorizing the ISO to charge Uninstructed Deviation Penalties pursuant to this section. Beginning with Settlement Statements for the first Trading Day for which FERC authorizes the ISO to charge Uninstructed Deviation Penalties pursuant to this section that this Section 11.2.4.1.2 is made effective by FERC order, the ISO shall charge Scheduling Coordinators Uninstructed Deviation Penalties for Uninstructed Imbalance Energy resulting from resource deviations outside a Tolerance Band from their Dispatch Operating Point, for dispatched resources, or their Final Hour-Ahead Schedule otherwise. The Dispatch Operating Point will take into account the expected Ramping of a resource as it moves to a new Hour-Ahead Schedule at the top of each hour and as it responds to Dispatch Instructions. The Uninstructed Deviation Penalty will be applied as follows:



NOTICE OF FILING SUITABLE FOR PUBLICATION IN THE FEDERAL REGISTER

UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation)	Docket No. ER05-277-00	
Notic	ce of Fi	ling	
[1	

Take notice that on February 14, 2005, the California Independent System Operator Corporation (ISO) submitted a filing in compliance with the Commission's January 28, 2005 order in the captioned docket, 110 FERC ¶ 61,082.

The ISO states that this filing has been served upon all parties on the official service list for the captioned docket. In addition, the ISO has posted this filing on the ISO Home Page.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken. but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at http://www.ferc.gov, using the eLibrary (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

\cap	٥m	mei	nt	Date:	
~	VIEL		114	Date	